

NUVEEN QUALITY PREFERRED INCOME FUND 2  
Form N-CSRS  
September 08, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21137  
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NUVEEN QUALITY PREFERRED INCOME FUND 2

-----  
(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606

-----  
(Address of principal executive offices) (Zip code)

Jessica R. Droeger  
Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606

-----  
(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
-----

Date of fiscal year end: December 31  
-----

Date of reporting period: June 30, 2006  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. SS. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

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SEMIANNUAL REPORT JUNE 30, 2006

NUVEEN INVESTMENTS  
EXCHANGE-TRADED  
CLOSED-END  
FUNDS

NUVEEN QUALITY  
PREFERRED INCOME  
FUND  
JTP

NUVEEN QUALITY  
PREFERRED INCOME  
FUND 2  
JPS

NUVEEN QUALITY  
PREFERRED INCOME  
FUND 3  
JHP

HIGH CURRENT INCOME  
FROM A PORTFOLIO OF  
INVESTMENT-GRADE  
PREFERRED SECURITIES

NUVEEN LOGO

COVER PHOTO

INSIDE COVER PHOTO

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OR

[WWW.NUVEEN.COM/ACCOUNTACCESS](http://WWW.NUVEEN.COM/ACCOUNTACCESS)

if you get your Nuveen Fund dividends and statements directly from Nuveen.

NUVEEN LOGO

(TIMOTHY SCHWERTFEGER PHOTO)  
Timothy R. Schwertfeger  
Chairman of the Board

CHAIRMAN'S  
LETTER TO SHAREHOLDERS

Dear Shareholder:

I am very pleased to report that over the six-month period covered by this report, your Fund continued to provide you with attractive monthly income from a diversified portfolio of quality preferred securities. For more information on your Fund's performance, please read the Portfolio Managers' Comments, the Distribution and Share Price Information, and the Performance Overview sections of this report.

Portfolio diversification is a recognized way to try to reduce some of the risk that comes with investing. Since one part of your portfolio may be going up when another is going down, portfolio diversification may help smooth your investment returns over time. In addition to providing regular monthly income, an investment like your Fund may help you achieve and benefit from greater portfolio diversification. Your financial advisor can explain these potential advantages in more detail. I urge you to contact him or her soon for more information on this important investment strategy.

"IN ADDITION TO PROVIDING REGULAR MONTHLY INCOME, AN INVESTMENT LIKE YOUR FUND MAY HELP YOU ACHIEVE AND BENEFIT FROM GREATER PORTFOLIO DIVERSIFICATION."

At Nuveen Investments, our mission continues to be to assist you and your financial advisor by offering investment services and products that can help you to secure your financial objectives. We are grateful that you have chosen us as a partner as you pursue your financial goals, and we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

(TIMOTHY SCHWERTFEGER SIG)  
Timothy R. Schwertfeger  
Chairman of the Board

August 11, 2006

Nuveen Investments Exchange-Traded Closed-End Funds (JTP, JPS, JHP)

PORTFOLIO MANAGERS'  
COMMENTS

The Nuveen Quality Preferred Income Funds are sub-advised by a team of specialists at Spectrum Asset Management Inc. (Spectrum), an affiliate of Principal Capital(SM). Mark Lieb, Bernie Sussman and Phil Jacoby, who have more than 50 years of combined experience in the preferred securities markets, lead the team. Here Mark, Bernie and Phil talk about their management strategy and the performance of each Fund for the six-month period ended June 30, 2006.

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WHAT WAS YOUR OVERALL MANAGEMENT STRATEGY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2006?

During the six-month period we generally maintained the 60/40 portfolio mix between the \$25 Par Preferred Securities (retail driven) asset type and the Capital Preferred Securities (institutionally driven) asset type in all three funds. Dividends Received Deduction (DRD) tax advantaged securities were sold and the proceeds were reinvested roughly equally in fully taxable \$25 Par Preferred Securities and in competitor closed-end funds (CEFs) (also retail driven). The CEFs were purchased over the first half of 2006 at prices that were a discount to the Net Asset Value of the fund. Concentrations in CEFs were between 1.6% and 1.9% for each of the funds at June 30, 2006.

In the Capital Preferred Securities asset type, we decreased concentrations in "Euro-listed" securities and purchased Yankee Tier 1 and Enhanced Capital Advantaged Preferred Securities, "ECAPS," that offered more return potential with less duration risk. We also sold some high coupon, callable Capital Preferred Securities that had little potential upside to purchase some new issues that were priced attractively. The above actions were part of an ongoing effort to increase book yield while maintaining credit quality and diversity.

HOW DID THE FUNDS PERFORM OVER THE SIX-MONTHS ENDED JUNE 30, 2006?

The performance of each Fund, as well as the performance of several widely followed market indexes, is shown in the nearby chart.

TOTAL RETURN ON NET ASSET VALUE\*  
For periods ended June 30, 2006

|  |        |
|--|--------|
| JTP  | -0.73% |
| JPS  | -0.85% |
| JHP  | -0.56% |
| Lehman Brothers<br>Aggregate Bond Index(1) | -0.72% |
| Comparative Benchmark(2)                   | -1.53% |

1 The Lehman Brothers Aggregate Bond Index is an unmanaged index that includes all investment-grade, publicly issued, fixed-rate, dollar denominated, nonconvertible debt issues and commercial mortgage backed securities with maturities of at least one year and outstanding par values of \$150 million or more. Index returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

2 Comparative benchmark performance is a blended return consisting of: 1) 55% of the Merrill Lynch Preferred Stock Hybrid Securities Index, an unmanaged index of investment-grade, exchange traded preferred stocks with outstanding market values of at least \$30 million and at least one year to maturity; and 2) 45% of the Lehman Tier 1 Capital Securities Index, an unmanaged index that includes securities that can generally be viewed as hybrid fixed income securities that either receive regulatory capital treatment or a degree of "equity credit" from a rating agency.

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Past performance does not guarantee future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that a shareholder may have to pay on Fund distributions or upon the sale of Fund shares.

For more information, please see the individual Performance Overview pages in this report.

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For the six months ended June 30, 2006, JTP and JPS underperformed the unleveraged, unmanaged Lehman Brothers Aggregate Bond Index and all three funds outperformed their comparative benchmark.

Early in the year, we continued to opportunistically increase the Fund's concentration in DRDs due to the relative attractiveness of the sector. We had purchased Agency DRD securities at spreads ranging between +140-160 in 2005 and sold out the positions in the first half of 2006 at spreads of between +90-100. Other DRDs, largely Financial and Banking names, were also sold at spreads approximately 85 basis points tighter than our purchase spreads in 2005. We have also benefited from the capital performance of the IPO market for floating rate DRD paper.

Spreads on Capital Preferred Securities widened along with the overall corporate bond market but also suffered from the confusion and uncertainty over actions taken by the National Association of Insurance Commissioners (NAIC) to classify several Preferred structures as common equity for the insurance industry. We were able to take advantage of the widening in ECAPS and certain Yankee issues to pick up yield. For example, we sold a Barclays Bank \$25 par issue and bought a similar Barclays Capital Security for a yield pick up of 48 bps. We were also able to trade some of the higher beta issues for short term capital gains amidst the market uncertainty.

The NAIC's classification of the Lehman Brothers ECAPS and then of a Royal Bank of Scotland Yankee Tier 1 issue as common equity surprised the market and caused the Lehman Brothers Tier 1 Capital Security index to widen by 24 bps over the half. The Lehman Brothers Tier 1 Capital Security index returned -2.25% for the 1st half underperforming the Lehman Aggregate by 1.53%. The added volatility in the ECAPS and Tier 1 spaces provided some trading opportunities for the Funds, however, it caused the whole Capital Preferred Securities sector to weaken. Weakness in global corporate debt was also a factor contributing to the relatively weaker performance of Capital Preferred Securities within the funds.

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### DISTRIBUTION AND SHARE PRICE INFORMATION

Each of these Funds uses financial leverage in an effort to enhance its dividend-paying capabilities. While this strategy adds volatility to a Fund's net asset value and share price, it generally enhances the amount of income the Fund has to distribute to its common shareholders. The extent of this benefit is tied in part to the short-term rates these Funds pay their FundPreferred(TM) shareholders. As short-term rates rose through this reporting period, the Funds paid higher dividends to their FundPreferred shareholders.

Each of these Funds seeks to pay stable distributions at rates that reflect each

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Fund's past results and projected future performance. During certain periods, each Fund may pay distributions at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in distributions, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid distributions in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income in distributions to shareholders. As of June 30, 2006, JTP had a positive UNII balance for financial statement purposes and a positive UNII balance, based upon our best estimate, for tax purposes. JPS and JHP had negative UNII balances for financial statement purposes and positive UNII balances, based upon our best estimate, for tax purposes.

JTP and JPS each paid steady monthly distributions over the course of the period. JHP declared a monthly distribution decrease in March. The distribution decreased from \$0.0945 to \$0.0910 per share.

As of June 30, 2006, the Funds' shares were trading at discounts to their NAVs as shown in the accompanying table:

|     | 6/30/06<br>DISCOUNT | 6-MONTH AVERAGE<br>DISCOUNT |
|-----|---------------------|-----------------------------|
| JTP | -4.57%              | -6.10%                      |
| JPS | -3.19%              | -5.84%                      |
| JHP | -4.90%              | -4.65%                      |

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Nuveen Quality Preferred Income Fund  
JTP

### PERFORMANCE

OVERVIEW As of June 30, 2006

### PORTFOLIO ALLOCATION

(as a % of total investments)

|  |       |
|--|-------|
| \$25 Par (or similar) Preferred Securities | 56.3% |
| Capital Preferred Securities               | 38.9% |
| Short-Term Investments                     | 1.9%  |
| Investment Companies                       | 1.9%  |
| Corporate Bonds                            | 0.8%  |

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Convertible Preferred Securities

0.2%

**BAR CHART:**

2005-2006 MONTHLY DISTRIBUTIONS PER SHARE

|     |        |
|-----|--------|
| Jul | 0.0935 |
| Aug | 0.0935 |
| Sep | 0.0900 |
| Oct | 0.0900 |
| Nov | 0.0900 |
| Dec | 0.0900 |
| Jan | 0.0900 |
| Feb | 0.0900 |
| Mar | 0.0900 |
| Apr | 0.0900 |
| May | 0.0900 |
| Jun | 0.0900 |

**Line Chart:**

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 7/01/05 | 14.08 |
|         | 13.95 |
|         | 13.77 |
|         | 13.65 |
|         | 13.73 |
|         | 13.67 |
|         | 13.55 |
|         | 13.44 |
|         | 13.52 |
|         | 13.70 |
|         | 13.59 |
|         | 13.24 |
|         | 13.16 |
|         | 13.06 |
|         | 12.79 |
|         | 12.37 |
|         | 12.46 |
|         | 12.40 |
|         | 12.48 |
|         | 12.27 |
|         | 12.01 |
|         | 12.28 |
|         | 12.25 |
|         | 12.17 |
|         | 12.09 |
|         | 12.21 |
|         | 12.40 |
|         | 12.71 |

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|         |       |
|---------|-------|
|         | 12.95 |
|         | 13.07 |
|         | 12.92 |
|         | 13.15 |
|         | 13.33 |
|         | 13.35 |
|         | 13.53 |
|         | 13.55 |
|         | 13.30 |
|         | 13.45 |
|         | 13.66 |
|         | 13.29 |
|         | 13.15 |
|         | 12.68 |
|         | 12.75 |
|         | 12.89 |
|         | 13.04 |
|         | 12.93 |
|         | 12.81 |
|         | 12.95 |
|         | 13.28 |
|         | 12.95 |
|         | 12.87 |
|         | 12.87 |
| 6/30/06 | 12.94 |

FUND SNAPSHOT

|   |           |
|---|-----------|
| -----   |           |
| Common Share Price                                | \$12.94   |
| -----   |           |
| Common Share<br>Net Asset Value                   | \$13.56   |
| -----   |           |
| Premium/(Discount) to NAV                         | -4.57%    |
| -----   |           |
| Current Distribution Rate(1)                      | 8.35%     |
| -----   |           |
| Net Assets Applicable to<br>Common Shares (\$000) | \$874,005 |
| -----   |           |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 6/25/02)

|                         |       |                       |
|-------------------------|-------|-----------------------|
|                         |       | -----                 |
|                         |       | ON SHARE PRICE ON NAV |
|                         |       | -----                 |
| 6-Month<br>(Cumulative) | 8.72% | -0.73%                |
| -----                   |       |                       |
| 1-Year                  | 0.44% | -0.18%                |



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|           |       |       |
|-----------|-------|-------|
| -----     |       |       |
| Since     |       |       |
| Inception | 4.65% | 6.91% |
| -----     |       |       |

INDUSTRIES  
(as a % of total investments)

|                                |       |  |
|--------------------------------|-------|--|
| -----                          |       |  |
| Commercial Banks               | 28.6% |  |
| -----                          |       |  |
| Insurance                      | 18.4% |  |
| -----                          |       |  |
| Real Estate                    | 16.9% |  |
| -----                          |       |  |
| Capital Markets                | 10.0% |  |
| -----                          |       |  |
| Diversified Financial Services | 8.8%  |  |
| -----                          |       |  |
| Oil, Gas & Consumable Fuels    | 3.6%  |  |
| -----                          |       |  |
| Short-Term Investments         | 1.9%  |  |
| -----                          |       |  |
| Other                          | 11.8% |  |
| -----                          |       |  |

TOP FIVE ISSUERS  
(EXCLUDING SHORT-TERM INVESTMENTS)  
(as a % of total investments)

|   |      |  |
|---|------|--|
| -----                                   |      |  |
| ING Group NV                            | 3.1% |  |
| -----                                   |      |  |
| JPMorgan Chase & Company                | 2.8% |  |
| -----                                   |      |  |
| Morgan Stanley                          | 2.7% |  |
| -----                                   |      |  |
| Wachovia Corporation                    | 2.6% |  |
| -----                                   |      |  |
| HSBC Holdings Public<br>Limited Company | 2.4% |  |
| -----                                   |      |  |

1 Current Distribution Rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

Nuveen Quality Preferred Income Fund 2  
JPS

PERFORMANCE

OVERVIEW As of June 30, 2006

PORTFOLIO ALLOCATION

(as a % of total investments)

|  |       |
|--|-------|
| \$25 Par (or similar) Preferred Securities | 55.9% |
| Capital Preferred Securities               | 40.0% |
| Short-Term Investments                     | 1.7%  |
| Investment Companies                       | 1.6%  |
| Corporate Bonds                            | 0.6%  |
| Convertible Preferred Securities           | 0.2%  |

Bar Chart:

2005-2006 MONTHLY DISTRIBUTIONS PER SHARE

|     |        |
|-----|--------|
| Jul | 0.0960 |
| Aug | 0.0960 |
| Sep | 0.0930 |
| Oct | 0.0930 |
| Nov | 0.0930 |
| Dec | 0.0930 |
| Jan | 0.0930 |
| Feb | 0.0930 |
| Mar | 0.0930 |
| Apr | 0.0930 |
| May | 0.0930 |
| Jun | 0.0930 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing price

Past performance is not predictive of future results.

7/01/05

14.50  
14.59

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14.50  
14.33  
14.60  
14.35  
14.15  
14.10  
14.12  
14.28  
14.20  
13.81  
13.71  
13.62  
13.59  
13.03  
12.99  
13.12  
13.15  
12.91  
12.63  
12.81  
13.18  
13.21  
12.84  
12.70  
12.80  
13.39  
13.68  
13.89  
13.87  
14.09  
14.12  
13.90  
13.98  
13.93  
13.55  
13.74  
13.96  
13.65  
13.70  
13.24  
13.40  
13.64  
13.47  
13.48  
13.25  
13.34  
13.64  
13.40  
13.44  
13.59  
13.64

6/30/06

FUND SNAPSHOT

-----  
Common Share Price

\$13.64  
-----

Common Share

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|   |             |
|---|-------------|
| Net Asset Value                                   | \$14.09     |
| -----   |             |
| Premium/(Discount) to NAV                         | -3.19%      |
| -----   |             |
| Current Distribution Rate(1)                      | 8.18%       |
| -----   |             |
| Net Assets Applicable to<br>Common Shares (\$000) | \$1,684,500 |
| -----   |             |

### AVERAGE ANNUAL TOTAL RETURN (Inception 9/24/02)

|                         | ON SHARE PRICE | ON NAV |
|-------------------------|----------------|--------|
| -----                   |                |        |
| 6-Month<br>(Cumulative) | 10.96%         | -0.85% |
| -----                   |                |        |
| 1-Year                  | 3.89%          | -0.26% |
| -----                   |                |        |
| Since<br>Inception      | 6.61%          | 8.41%  |
| -----                   |                |        |

### INDUSTRIES (as a % of total investments)

|                                |       |
|--------------------------------|-------|
| Commercial Banks               | 30.1% |
| -----                          |       |
| Insurance                      | 20.4% |
| -----                          |       |
| Real Estate                    | 16.1% |
| -----                          |       |
| Capital Markets                | 8.8%  |
| -----                          |       |
| Diversified Financial Services | 7.8%  |
| -----                          |       |
| Electric Utilities             | 3.2%  |
| -----                          |       |
| Short-Term Investments         | 1.7%  |
| -----                          |       |
| Other                          | 11.9% |
| -----                          |       |

### TOP FIVE ISSUERS (EXCLUDING SHORT-TERM INVESTMENTS) (as a % of total investments)

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|                                       |      |
|---------------------------------------|------|
| Wachovia Corporation                  | 3.6% |
| ING Group NV                          | 3.1% |
| Washington Mutual Incorporated        | 2.5% |
| JPMorgan Chase & Company              | 2.4% |
| Sun Life Financial Services of Canada | 2.2% |

1 Current Distribution Rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

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Nuveen Quality Preferred Income Fund 3  
JHP

PERFORMANCE

OVERVIEW As of June 30, 2006

PORTFOLIO ALLOCATION

(as a % of total investments)

|  |       |
|--|-------|
| \$25 Par (or similar) Preferred Securities | 62.5% |
| Capital Preferred Securities               | 33.9% |
| Investment Companies                       | 1.7%  |
| Short-Term Investments                     | 1.4%  |
| Corporate Bonds                            | 0.4%  |
| Convertible Preferred Securities           | 0.1%  |

Bar Chart:

2005-2006 MONTHLY DISTRIBUTIONS PER SHARE

|     |        |
|-----|--------|
| Jul | 0.0965 |
| Aug | 0.0965 |

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|     |        |
|-----|--------|
| Sep | 0.0945 |
| Oct | 0.0945 |
| Nov | 0.0945 |
| Dec | 0.0945 |
| Jan | 0.0945 |
| Feb | 0.0945 |
| Mar | 0.0910 |
| Apr | 0.0910 |
| May | 0.0910 |
| Jun | 0.0910 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performanc is not predictive of future results.

|         |       |
|---------|-------|
| 7/01/05 | 14.56 |
|         | 14.58 |
|         | 14.54 |
|         | 14.39 |
|         | 14.84 |
|         | 14.78 |
|         | 14.69 |
|         | 14.62 |
|         | 14.65 |
|         | 14.55 |
|         | 14.59 |
|         | 14.24 |
|         | 13.99 |
|         | 13.82 |
|         | 13.73 |
|         | 13.05 |
|         | 13.06 |
|         | 13.12 |
|         | 13.23 |
|         | 13.09 |
|         | 12.73 |
|         | 12.84 |
|         | 12.90 |
|         | 12.69 |
|         | 12.57 |
|         | 12.61 |
|         | 12.92 |
|         | 13.41 |
|         | 13.71 |
|         | 13.73 |
|         | 13.65 |
|         | 13.77 |
|         | 14.14 |
|         | 14.02 |
|         | 14.08 |
|         | 13.98 |
|         | 13.51 |
|         | 13.39 |
|         | 13.49 |
|         | 13.16 |
|         | 13.29 |
|         | 12.88 |

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|         |       |
|---------|-------|
|         | 13.11 |
|         | 13.24 |
|         | 13.19 |
|         | 13.10 |
|         | 12.98 |
|         | 12.82 |
|         | 13.15 |
|         | 13.08 |
|         | 13.01 |
|         | 13.02 |
| 6/30/06 | 12.99 |

FUND SNAPSHOT

|  |           |
|--|-----------|
| Common Share Price                             | \$12.99   |
| Common Share Net Asset Value                   | \$13.66   |
| Premium/(Discount) to NAV                      | -4.90%    |
| Current Distribution Rate(1)                   | 8.41%     |
| Net Assets Applicable to Common Shares (\$000) | \$322,886 |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 12/18/02)

|                      | ON SHARE PRICE | ON NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | 4.76%          | -0.56% |
| 1-Year               | -2.22%         | 0.22%  |
| Since Inception      | 4.56%          | 7.22%  |

INDUSTRIES  
(as a % of total investments)

|                  |       |
|------------------|-------|
| Commercial Banks | 28.2% |
|------------------|-------|

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|                                |       |
|--------------------------------|-------|
| Insurance                      | 23.2% |
| Real Estate                    | 15.5% |
| Capital Markets                | 10.2% |
| Diversified Financial Services | 6.4%  |
| Oil, Gas & Consumable Fuels    | 2.7%  |
| Short-Term Investments         | 1.4%  |
| Other                          | 12.4% |

TOP FIVE ISSUERS  
(EXCLUDING SHORT-TERM INVESTMENTS)  
(as a % of total investments)

|                                       |      |
|---------------------------------------|------|
| Wachovia Corporation                  | 3.5% |
| ING Group NV                          | 3.5% |
| Union Planters Corporation            | 2.6% |
| Sun Life Financial Services of Canada | 2.2% |
| Aegon NV                              | 2.1% |

1 Current Distribution Rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

9

Shareholder  
MEETING REPORT

The shareholder meeting was held in the offices of Nuveen Investments on March 29, 2006

JTP

APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

Common and  
Preferred

Preferred

Comm  
Pre



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|                         | shares voting<br>together<br>as a class | shares voting<br>together<br>as a class | shares<br>to<br>as a |
|-------------------------|---|---|----------------------|
| Robert P. Bremner       |   |   |                      |
| For                     | 59,594,752                              | --                                      | 109,32               |
| Withhold                | 1,395,424                               | --                                      | 1,38                 |
| Total                   | 60,990,176                              | --                                      | 110,70               |
| Lawrence H. Brown       |   |   |                      |
| For                     | 59,704,301                              | --                                      | 109,31               |
| Withhold                | 1,285,875                               | --                                      | 1,39                 |
| Total                   | 60,990,176                              | --                                      | 110,70               |
| Jack B. Evans           |   |   |                      |
| For                     | 59,708,576                              | --                                      | 109,37               |
| Withhold                | 1,281,600                               | --                                      | 1,33                 |
| Total                   | 60,990,176                              | --                                      | 110,70               |
| William C. Hunter       |   |   |                      |
| For                     | 59,654,400                              | --                                      | 109,35               |
| Withhold                | 1,335,776                               | --                                      | 1,35                 |
| Total                   | 60,990,176                              | --                                      | 110,70               |
| David J. Kundert        |   |   |                      |
| For                     | 59,633,909                              | --                                      | 109,32               |
| Withhold                | 1,356,267                               | --                                      | 1,38                 |
| Total                   | 60,990,176                              | --                                      | 110,70               |
| William J. Schneider    |   |   |                      |
| For                     | --                                      | 16,013                                  |                      |
| Withhold                | --                                      | 179                                     |                      |
| Total                   | --                                      | 16,192                                  |                      |
| Timothy R. Schwertfeger |   |   |                      |
| For                     | --                                      | 16,013                                  |                      |
| Withhold                | --                                      | 179                                     |                      |
| Total                   | --                                      | 16,192                                  |                      |
| Judith M. Stockdale     |   |   |                      |
| For                     | 59,696,880                              | --                                      | 109,32               |
| Withhold                | 1,293,296                               | --                                      | 1,38                 |
| Total                   | 60,990,176                              | --                                      | 110,70               |
| Eugene S. Sunshine      |   |   |                      |
| For                     | 59,671,537                              | --                                      | 109,35               |
| Withhold                | 1,318,639                               | --                                      | 1,35                 |
| Total                   | 60,990,176                              | --                                      | 110,70               |

JHP

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APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

|                         | Common and<br>Preferred<br>shares voting<br>together<br>as a class | Preferred<br>shares voting<br>together<br>as a class |
|-------------------------|--|--|
| <hr/>                   |  |  |
| Robert P. Bremner       |  |  |
| For                     | 21,991,167   | --   |
| Withhold                | 312,246  | --   |
| <hr/>                   |  |  |
| Total                   | 22,303,413   | --   |
| <hr/>                   |  |  |
| Lawrence H. Brown       |  |  |
| For                     | 22,051,813   | --   |
| Withhold                | 251,600  | --   |
| <hr/>                   |  |  |
| Total                   | 22,303,413   | --   |
| <hr/>                   |  |  |
| Jack B. Evans           |  |  |
| For                     | 22,061,897   | --   |
| Withhold                | 241,516  | --   |
| <hr/>                   |  |  |
| Total                   | 22,303,413   | --   |
| <hr/>                   |  |  |
| William C. Hunter       |  |  |
| For                     | 22,011,275   | --   |
| Withhold                | 292,138  | --   |
| <hr/>                   |  |  |
| Total                   | 22,303,413   | --   |
| <hr/>                   |  |  |
| David J. Kundert        |  |  |
| For                     | 22,013,718   | --   |
| Withhold                | 289,695  | --   |
| <hr/>                   |  |  |
| Total                   | 22,303,413   | --   |
| <hr/>                   |  |  |
| William J. Schneider    |  |  |
| For                     | --   | 5,466  |
| Withhold                | --   | 20   |
| <hr/>                   |  |  |
| Total                   | --   | 5,486  |
| <hr/>                   |  |  |
| Timothy R. Schwertfeger |  |  |
| For                     | --   | 5,465  |
| Withhold                | --   | 21   |
| <hr/>                   |  |  |
| Total                   | --   | 5,486  |
| <hr/>                   |  |  |
| Judith M. Stockdale     |  |  |
| For                     | 22,067,611   | --   |
| Withhold                | 235,802  | --   |
| <hr/>                   |  |  |
| Total                   | 22,303,413   | --   |
| <hr/>                   |  |  |
| Eugene S. Sunshine      |  |  |
| For                     | 22,067,160   | --   |
| Withhold                | 236,253  | --   |
| <hr/>                   |  |  |
| Total                   | 22,303,413   | --   |
| <hr/>                   |  |  |

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10

Nuveen Quality Preferred Income Fund (JTP)

Portfolio of  
INVESTMENTS June 30, 2006 (Unaudited)

| SHARES  | DESCRIPTION (1)   | COUPON | RA |
|---------|---|--------|----|
| -----   |   |        |    |
|         | CONVERTIBLE PREFERRED SECURITIES - 0.2% (0.2% OF TOTAL INVESTMENTS)<br>INSURANCE - 0.1%               |        |    |
| 50,000  | XL Capital Ltd  | 6.500% |    |
| -----   |   |        |    |
|         | THRIFTS & MORTGAGE FINANCE - 0.1%   |        |    |
| 36,000  | PMI Group Inc.  | 5.875% |    |
| -----   |   |        |    |
|         | TOTAL CONVERTIBLE PREFERRED SECURITIES (COST<br>\$2,109,641)  |        |    |
| -----   |   |        |    |
| SHARES  | DESCRIPTION (1)   | COUPON | RA |
| -----   |   |        |    |
|         | \$25 PAR (OR SIMILAR) PREFERRED SECURITIES - 84.0% (56.3% OF TOTAL INVESTMENTS)<br>AUTOMOBILES - 0.0% |        |    |
| 5,300   | Daimler Chrysler, Series DCX (CORTS)  | 7.250% |    |
| -----   |   |        |    |
|         | CAPITAL MARKETS - 8.6%  |        |    |
| 40,358  | Bear Stearns Capital Trust III  | 7.800% |    |
| 296,187 | BNY Capital Trust V, Series F   | 5.950% |    |
| 243,395 | Compass Capital Trust III   | 7.350% |    |
| 2,700   | CSFB USA, Series 2002-10 (SATURNS)  | 7.000% |    |
| 14,600  | First Union Institutional Capital II (CORTS)  | 8.200% |    |
| 14,000  | Goldman Sachs Capital I, Series A (CORTS)   | 6.000% |    |
| 1,700   | Goldman Sachs Group Inc., Series 2003-06 (SATURNS)  | 6.000% |    |
| 12,300  | Goldman Sachs Group Inc., Series 2004-04 (SATURNS)  | 6.000% |    |
| 17,300  | Goldman Sachs Group Inc., Series 2004-06 (SATURNS)  | 6.000% |    |
| 24,600  | Goldman Sachs Group Inc., Series GSC-3 (PPLUS)  | 6.000% |    |
| 5,200   | Goldman Sachs Group Incorporated (SATURNS)  | 5.750% |    |
| 108,549 | Lehman Brothers Holdings Capital Trust III, Series K  | 6.375% |    |
| 75,000  | Lehman Brothers Holdings Capital Trust IV, Series L   | 6.375% |    |
| 25,700  | Lehman Brothers Holdings Capital Trust V, Series M  | 6.000% |    |
| 106,420 | Lehman Brothers Holdings Capital Trust VI, Series N   | 6.240% |    |
| 47,700  | Merrill Lynch Capital Trust II  | 8.000% |    |
| 135,800 | Merrill Lynch Preferred Capital Trust III   | 7.000% |    |
| 94,200  | Merrill Lynch Preferred Capital Trust IV  | 7.120% |    |
| 173,400 | Merrill Lynch Preferred Capital Trust V   | 7.280% |    |
| 198,700 | Merrill Lynch Preferred Capital Trust   | 7.750% |    |
| 5,700   | Morgan Stanley (PPLUS)  | 7.050% |    |
| 194,600 | Morgan Stanley Capital Trust II   | 7.250% |    |
| 213,256 | Morgan Stanley Capital Trust III  | 6.250% |    |
| 249,095 | Morgan Stanley Capital Trust IV   | 6.250% |    |

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|         |                                      |        |
|---------|--------------------------------------|--------|
| 31,900  | Morgan Stanley Capital Trust V       | 5.750% |
| 515,305 | Morgan Stanley Capital Trust VI      | 6.600% |
| 273,400 | Morgan Stanley, Series 2006A (WI/DD) | 5.777% |

---

Total Capital Markets

---

|                          |  |        |
|--------------------------|--|--------|
| COMMERCIAL BANKS - 11.1% |  |        |
| 119,400                  | Abbey National PLC, Series B           | 7.375% |
| 48,000                   | Abbey National PLC, Series B           | 7.250% |
| 1,200                    | Abbey National PLC, Series C           | 7.375% |
| 134,500                  | ABN AMRO Capital Fund Trust V          | 5.900% |
| 39,500                   | ABN AMRO Capital Trust Fund VII        | 6.080% |
| 104,900                  | ASBC Capital I                         | 7.625% |
| 13,500                   | BAC Capital Trust I                    | 7.000% |
| 64,500                   | BAC Capital Trust II                   | 7.000% |
| 82,500                   | BAC Capital Trust III                  | 7.000% |
| 7,200                    | BAC Capital Trust V                    | 6.000% |
| 11,700                   | BAC Capital Trust X                    | 6.250% |
| 172,927                  | Banco Santander                        | 6.410% |
| 52,300                   | Banco Totta & Acores Finance, Series A | 8.875% |
| 7,100                    | BancorpSouth Capital Trust I           | 8.150% |

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Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| SHARES                       | DESCRIPTION (1)                            | COUPON  | RA |
|------------------------------|--|---------|----|
| COMMERCIAL BANKS (continued) |  |         |    |
| 84,500                       | Banesto Holdings, Series A, 144A           | 10.500% |    |
| 64,300                       | Bank One Capital Trust VI                  | 7.200%  |    |
| 16,500                       | BankNorth Capital Trust II                 | 8.000%  |    |
| 17,717                       | Barclays Bank PLC                          | 6.625%  |    |
| 9,850,000                    | BOI Capital Funding 3, 144A                | 6.107%  |    |
| 202,200                      | Chittenden Capital Trust I                 | 8.000%  |    |
| 116,800                      | Cobank ABC, 144A, (3)                      | 7.000%  |    |
| 142,700                      | Comerica Capital Trust I                   | 7.600%  |    |
| 9,800                        | Fleet Capital Trust IX                     | 6.000%  |    |
| 37,700                       | Fleet Capital Trust VII                    | 1.800%  |    |
| 11,500                       | Fleet Capital Trust VIII                   | 7.200%  |    |
| 4,400                        | HSBC Finance Corporation                   | 6.875%  |    |
| 68,000                       | KeyCorp (PCARS)                            | 7.500%  |    |
| 54,633                       | KeyCorp Capital Trust V                    | 5.875%  |    |
| 68,600                       | National Commerce Capital Trust II         | 7.700%  |    |
| 6,350                        | PNC Capital Trust                          | 6.125%  |    |
| 10,218                       | Royal Bank of Scotland Group PLC, Series L | 5.750%  |    |
| 27,000                       | Royal Bank of Scotland Group PLC, Series M | 6.400%  |    |
| 224,762                      | Royal Bank of Scotland Group PLC, Series N | 6.350%  |    |
| 33,800                       | SunTrust Capital Trust IV                  | 7.125%  |    |
| 94,900                       | SunTrust Capital Trust V                   | 7.050%  |    |
| 423,005                      | USB Capital Trust IV                       | 7.350%  |    |
| 46,900                       | USB Capital Trust V                        | 7.250%  |    |
| 10,000                       | USB Capital Trust VII                      | 5.875%  |    |
| 37,200                       | VNB Capital Trust I                        | 7.750%  |    |

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|           |  |        |
|-----------|--|--------|
| 25,500    | Wells Fargo Capital Trust IV                 | 7.000% |
| 238,800   | Wells Fargo Capital Trust V                  | 7.000% |
| 56,700    | Wells Fargo Capital Trust VI                 | 6.950% |
| 21,900    | Wells Fargo Capital Trust VII                | 5.850% |
| 7,236     | Wells Fargo Capital Trust IX                 | 5.625% |
| 382,250   | Zions Capital Trust B                        | 8.000% |
| -----     |  |        |
|           | Total Commercial Banks                       |        |
| -----     |  |        |
|           | COMPUTERS & PERIPHERALS - 0.0%               |        |
| 2,100     | IBM Inc., Trust Certificates, Series 2001-2  | 7.100% |
| 4,200     | IBM Trust II (CORTS)                         | 7.125% |
| 4,900     | IBM Trust III (CORTS)                        | 7.200% |
| 3,500     | IBM Trust IV (CORTS)                         | 7.000% |
| -----     |  |        |
|           | Total Computers & Peripherals                |        |
| -----     |  |        |
|           | CONSUMER FINANCE - 0.1%                      |        |
| 25,400    | Household Capital Trust VII                  | 7.500% |
| 13,600    | SLM Corporation                              | 6.000% |
| -----     |  |        |
|           | Total Consumer Finance                       |        |
| -----     |  |        |
|           | DIVERSIFIED FINANCIAL SERVICES - 9.0%        |        |
| 17,000    | BBVA Preferred Capital Ltd., Series B        | 7.750% |
| 142,100   | CIT Group Inc., Series A, (3)                | 6.350% |
| 42,876    | CIT Group Incorporated (CORTS)               | 7.750% |
| 6,700     | Citigroup Capital Trust IX                   | 6.000% |
| 260,400   | Citigroup Capital Trust VII                  | 7.125% |
| 440,700   | Citigroup Capital Trust VIII                 | 6.950% |
| 55,900    | Citigroup Capital Trust XI                   | 6.000% |
| 39,400    | Citigroup Inc., Series M, (3)                | 5.864% |
| 8,300     | General Electric Capital Corporation (CORTS) | 6.000% |
| 10,800    | General Electric Capital Corporation         | 6.625% |
| 1,800     | General Electric Capital Corporation         | 4.500% |
| 1,015,458 | ING Group N.V.                               | 7.200% |
| 569,000   | ING Group N.V.                               | 7.050% |
| 20,200    | JPM Capital Trust (CORTS)                    | 7.200% |
| 6,900     | JPMorgan Chase & Company (PCARS)             | 7.125% |
| 81,500    | JPMorgan Chase Capital Trust IX, Series I    | 7.500% |
| 82,400    | JPMorgan Chase Capital Trust X               | 7.000% |
| 142,256   | JPMorgan Chase Capital Trust XI              | 5.875% |
| 9,800     | JPMorgan Chase Capital Trust XIV             | 6.200% |
| 71,100    | JPMorgan Chase Capital Trust XVI             | 6.350% |

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| SHARES | DESCRIPTION (1)   | COUPON | RA |
|--------|---|--------|----|
| -----  |   |        |    |
|        | DIVERSIFIED FINANCIAL SERVICES (continued)                  |        |    |
| 20,300 | JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)      | 7.125% |    |
| 59,200 | Royal Bank of Scotland Public Limited Company, Series 2006Q | 6.750% |    |
| -----  |   |        |    |
|        | Total Diversified Financial Services                        |        |    |

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|           |   |        |
|-----------|---|--------|
| -----     |   |        |
|           | DIVERSIFIED TELECOMMUNICATION SERVICES - 0.8%                       |        |
| 95,900    | AT&T Inc.   | 7.000% |
| 13,300    | BellSouth Capital Funding (CORTS)                                   | 7.100% |
| 73,735    | BellSouth Corporation (CORTS)                                       | 7.000% |
| 29,300    | BellSouth Corporation, Series 2001-3 (SATURNS)                      | 7.125% |
| 4,300     | BellSouth Corporation   | 7.125% |
| 7,300     | BellSouth Inc. (CORTS)  | 7.000% |
| 2,000     | BellSouth Telecommunications (PPLUS)                                | 7.300% |
| 2,200     | Verizon Communications (CORTS)                                      | 7.625% |
| 9,700     | Verizon Communications, Series 2004-1 (SATURNS)                     | 6.125% |
|           | Verizon Global Funding Corporation Trust III,<br>Series III (CORTS) | 6.250% |
| 2,300     | Verizon New England Inc., Series B                                  | 7.000% |
| 19,900    | Verizon South Inc., Series F  | 7.000% |
| -----     |   |        |
|           | Total Diversified Telecommunication Services                        |        |
| -----     |   |        |
|           | ELECTRIC UTILITIES - 2.7%   |        |
| 1,800     | Consolidated Edison, Inc.   | 7.250% |
| 77,740    | DTE Energy Trust I  | 7.800% |
| 109,205   | Entergy Louisiana LLC   | 7.600% |
| 2,000     | Entergy Mississippi Inc.  | 7.250% |
| 59,000    | Georgia Power Capital Trust V                                       | 7.125% |
| 5,200     | Georgia Power Company   | 6.000% |
| 118,651   | Georgia Power Company   | 5.900% |
| 2,000     | Georgia Power Company   | 5.750% |
| 2,100     | Gulf Power Capital Trust III  | 7.375% |
| 251,073   | Interstate Power and Light Company, Series B, (3)                   | 8.375% |
|           | National Rural Utilities Cooperative Finance<br>Corporation         | 7.400% |
| 24,000    | National Rural Utilities Cooperative Finance<br>Corporation         | 6.100% |
| 38,100    | National Rural Utilities Cooperative Finance<br>Corporation         | 5.950% |
| 15,025    | Southern Company Capital Trust VI                                   | 7.125% |
| 11,000    | Virginia Power Capital Trust  | 7.375% |
| 191,400   |   |        |
| -----     |   |        |
|           | Total Electric Utilities  |        |
| -----     |   |        |
|           | FOOD PRODUCTS - 0.7%  |        |
| 64,000    | Dairy Farmers of America Inc., 144A, (3)                            | 7.875% |
| -----     |   |        |
|           | HOUSEHOLD DURABLES - 1.0%   |        |
| 365,700   | Pulte Homes Inc.  | 7.375% |
| -----     |   |        |
|           | INDUSTRIAL CONGLOMERATES - 0.1%                                     |        |
| 21,700    | General Electric Company, Series GE (CORTS)                         | 6.800% |
| -----     |   |        |
|           | INSURANCE - 17.6%   |        |
| 641,900   | Ace Ltd., Series C  | 7.800% |
| 29,520    | Aegon N.V.  | 6.500% |
| 1,161,650 | Aegon N.V.  | 6.375% |
| 2,800     | Allstate Corporation (PCARS)  | 7.150% |
| 10,500    | AMBAC Financial Group Inc.  | 7.000% |
| 21,500    | AMBAC Financial Group Inc.  | 5.950% |
| 2,800     | AMBAC Financial Group Inc.  | 5.875% |
| 4,700     | Arch Capital Group Limited, Series B                                | 7.875% |
| 519,312   | Arch Capital Group Limited  | 8.000% |
| 215,900   | Delphi Financial Group, Inc.  | 8.000% |
| 466,600   | EverestRe Capital Trust II  | 6.200% |
| 89,800    | EverestRe Group Limited   | 7.850% |

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|         |  |        |
|---------|--|--------|
| 6,600   | Financial Security Assurance Holdings      | 6.875% |
| 4,600   | Financial Security Assurance Holdings      | 6.250% |
| 230,577 | Hartford Capital Trust III, Series C       | 7.450% |
| 59,000  | Hartford Life Capital Trust II, Series B   | 7.625% |
| 79,600  | Lincoln National Capital Trust V, Series E | 7.650% |
| 34,500  | Lincoln National Capital Trust VI          | 6.750% |
| 66,600  | MetLife Inc., Series B, (3)                | 6.500% |
| 296,700 | PartnerRe Limited, Series C                | 6.750% |

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Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| SHARES  | DESCRIPTION (1)                                   | COUPON | RA |
|---------|---|--------|----|
| -----   |   |        |    |
|         | INSURANCE (continued)                             |        |    |
| 77,700  | PartnerRe Limited, Series D                       | 6.500% |    |
| 133,200 | PartnerRe Limited                                 | 7.900% |    |
| 80,600  | PLC Capital Trust III                             | 7.500% |    |
| 413,100 | PLC Capital Trust IV                              | 7.250% |    |
| 6,500   | PLC Capital Trust V                               | 6.125% |    |
| 7,100   | Prudential Financial Inc. (CORTS)                 | 6.000% |    |
| 264,165 | Prudential PLC                                    | 6.750% |    |
| 125,650 | RenaissanceRe Holdings Limited, Series A          | 8.100% |    |
| 61,100  | RenaissanceRe Holdings Limited, Series B          | 7.300% |    |
| 13,900  | RenaissanceRe Holdings Limited, Series C          | 6.080% |    |
| 8,400   | Safeco Capital Trust III (CORTS)                  | 8.072% |    |
| 11,200  | Safeco Corporation, Series 2001-7 (SATURNS)       | 8.250% |    |
| 3,300   | Safeco Corporation, Series 2002-5 (SATURNS)       | 8.250% |    |
| 81,200  | Saint Paul Capital Trust I                        | 7.600% |    |
| 62,800  | Torchmark Capital Trust I                         | 7.750% |    |
| 5,200   | Torchmark Capital Trust II                        | 7.750% |    |
| 8,300   | W.R. Berkley (CORTS)                              | 8.250% |    |
| 27,900  | W.R. Berkley Capital Trust, Series 2002-1 (CBTCS) | 8.125% |    |
| 382,300 | W.R. Berkley Corporation                          | 6.750% |    |
| 445,854 | XL Capital Ltd, Series A                          | 8.000% |    |
| 156,900 | XL Capital Ltd, Series B                          | 7.625% |    |
| -----   |   |        |    |
|         | Total Insurance                                   |        |    |
| -----   |   |        |    |
|         | IT SERVICES - 0.1%                                |        |    |
| 31,200  | Vertex Industries Inc. (PPLUS)                    | 7.625% |    |
| -----   |   |        |    |
|         | MEDIA - 0.7%                                      |        |    |
| 127,800 | CBS Corporation                                   | 7.250% |    |
| 123,200 | Comcast Corporation                               | 7.000% |    |
| 11,400  | Walt Disney Company                               | 7.000% |    |
| -----   |   |        |    |
|         | Total Media                                       |        |    |
| -----   |   |        |    |
|         | MULTI-UTILITIES - 0.7%                            |        |    |
| 98,100  | Dominion CNG Capital Trust I                      | 7.800% |    |
| 56,700  | Dominion Resources Capital Trust II               | 8.400% |    |
| 100,400 | Energy East Capital Trust I                       | 8.250% |    |

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|           |   |        |
|-----------|---|--------|
| -----     |   |        |
|           | Total Multi-Utilities                             |        |
| -----     |   |        |
|           | OIL, GAS & CONSUMABLE FUELS - 1.8%                |        |
| 532,332   | Nexen Inc.  | 7.350% |
| 108,500   | TransCanada Pipeline                              | 8.250% |
| -----     |   |        |
|           | Total Oil, Gas & Consumable Fuels                 |        |
| -----     |   |        |
|           | PHARMACEUTICALS - 0.2%                            |        |
| 23,000    | Bristol Myers Squibb Company (CORTS)              | 6.250% |
| 13,800    | Bristol-Myers Squibb Company Trust (CORTS)        | 6.800% |
| -----     |   |        |
|           | Total Pharmaceuticals                             |        |
| -----     |   |        |
|           | REAL ESTATE - 25.2%                               |        |
| 50,458    | AMB Property Corporation, Series M                | 6.750% |
| 13,400    | AvalonBay Communities, Inc., Series H             | 8.700% |
| 128,788   | BRE Properties, Series B                          | 8.080% |
| 42,544    | BRE Properties, Series D                          | 6.750% |
| 380,190   | CarrAmerica Realty Corporation, Series E          | 7.500% |
|           | Developers Diversified Realty Corporation, Series |        |
| 56,900    | F   | 8.600% |
|           | Developers Diversified Realty Corporation, Series |        |
| 47,300    | G   | 8.000% |
|           | Developers Diversified Realty Corporation, Series |        |
| 406,400   | H   | 7.375% |
| 29,600    | Developers Diversified Realty Corporation         | 7.500% |
| 156,800   | Duke Realty Corporation, Series L                 | 6.600% |
| 157,779   | Duke-Weeks Realty Corporation, Series B           | 7.990% |
| 1,112,000 | Equity Office Properties Trust, Series G          | 7.750% |
| 25,800    | Equity Residential Properties Trust, Series D     | 8.600% |
| 12,000    | First Industrial Realty Trust, Inc., Series C     | 8.625% |
| 279,400   | First Industrial Realty Trust, Inc., Series J     | 7.250% |
| 19,000    | Firststar Realty LLC, 144A                        | 8.875% |
| 989,210   | HRPT Properties Trust, Series B                   | 8.750% |
| 82,000    | New Plan Excel Realty Trust, Series D             | 7.800% |

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| SHARES  | DESCRIPTION (1)                       | COUPON | RA |
|---------|---------------------------------------|--------|----|
| -----   |                                       |        |    |
|         | REAL ESTATE (continued)               |        |    |
| 419,000 | New Plan Excel Realty Trust, Series E | 7.625% |    |
| 10,000  | Prologis Trust, Series F              | 6.750% |    |
| 107,000 | Prologis Trust, Series G              | 6.750% |    |
| 56,100  | PS Business Parks, Inc., Series I     | 6.875% |    |
| 240,000 | PS Business Parks, Inc., Series L     | 7.600% |    |
| 328,400 | PS Business Parks, Inc.               | 7.000% |    |
| 64,800  | Public Storage, Inc., Series C        | 6.600% |    |
| 91,300  | Public Storage, Inc., Series D        | 6.180% |    |
| 2,900   | Public Storage, Inc., Series E        | 6.750% |    |
| 59,400  | Public Storage, Inc., Series F        | 6.450% |    |
| 116,600 | Public Storage, Inc., Series R        | 8.000% |    |
| 209,600 | Public Storage, Inc., Series S        | 7.875% |    |
| 17,100  | Public Storage, Inc., Series T        | 7.625% |    |



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|         |  |        |
|---------|--|--------|
| 40,680  | Public Storage, Inc., Series U         | 7.625% |
| 347,600 | Public Storage, Inc., Series V         | 7.500% |
| 7,871   | Public Storage, Inc., Series X         | 6.450% |
| 4,100   | Public Storage, Inc.                   | 7.125% |
| 94,000  | Realty Income Corporation              | 7.375% |
| 47,500  | Regency Centers Corporation            | 7.450% |
| 22,600  | Regency Centers Corporation            | 7.250% |
| 22,500  | Simon Property Group, Inc., Series F   | 8.750% |
| 176,600 | Simon Property Group, Inc., Series G   | 7.890% |
| 13,900  | United Dominion Realty Trust           | 8.600% |
| 323,633 | Vornado Realty Trust, Series G         | 6.625% |
| 40,200  | Vornado Realty Trust, Series H         | 6.750% |
| 90,600  | Vornado Realty Trust, Series I         | 6.625% |
| 489,900 | Wachovia Preferred Funding Corporation | 7.250% |
| 2,500   | Weingarten Realty Trust, Series E      | 6.950% |

Total Real Estate

|                                   |   |        |
|-----------------------------------|---|--------|
| THRIFTS & MORTGAGE FINANCE - 2.4% |   |        |
| 16,100                            | Countrywide Capital Trust II, Series II (CORTS)           | 8.000% |
| 12,800                            | Countrywide Capital Trust III (PPLUS)                     | 8.050% |
| 799,020                           | Countrywide Capital Trust IV                              | 6.750% |
| 2,200                             | Countrywide Financial Corporation Capital Trust I (CORTS) | 8.000% |
| 58,500                            | Harris Preferred Capital Corporation, Series A            | 7.375% |

Total Thrifts & Mortgage Finance

|  |                                    |        |
|--|------------------------------------|--------|
| WIRELESS TELECOMMUNICATION SERVICES - 1.2% |                                    |        |
| 159,700                                    | United States Cellular Corporation | 8.750% |
| 268,100                                    | United States Cellular Corporation | 7.500% |

Total Wireless Telecommunication Services

TOTAL \$25 PAR (OR SIMILAR) PREFERRED SECURITIES  
(COST \$744,743,830)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | COUPON |
|---------------------------|---|--------|
|                           | CORPORATE BONDS - 1.2% (0.8% OF TOTAL INVESTMENTS)      |        |
|                           | COMMERCIAL BANKS - 0.3%                                 |        |
| \$ 1,800                  | HBOS PLC, Series 144A                                   | 6.413% |
|                           | INSURANCE - 0.5%  |        |
| 4,900                     | Great West Life and Annuity Insurance Company           | 7.153% |
|                           | THRIFTS & MORTGAGE FINANCE - 0.4%                       |        |
| 4,000                     | Caisse Nationale Des Caisses d'Epargne et de Prevoyance | 6.750% |
| \$ 10,700                 | TOTAL CORPORATE BONDS (COST \$10,521,149)               |        |

|                           |       |
|---------------------------|-------|
| PRINCIPAL<br>AMOUNT (000) | VALUE |
|---------------------------|-------|

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|           |                  |
|-----------|------------------|
|           | CORPORATE        |
|           | BONDS - 1.2%     |
|           | (0.8% OF         |
|           | TOTAL            |
|           | INVESTMENTS)     |
|           | COMMERCIAL       |
|           | BANKS - 0.3%     |
| \$ 1,800  | \$ 1,617,347     |
| -----     |                  |
| 4,900     | INSURANCE - 0.5% |
|           | 4,794,307        |
| -----     |                  |
| 4,000     | THRIFTS &        |
|           | MORTGAGE         |
|           | FINANCE - 0.4%   |
|           | 3,799,820        |
| -----     |                  |
| \$ 10,700 | 10,211,474       |
| -----     |                  |

| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION (1)   | COUPON | MATURITY |
|--------------------------------------|---|--------|----------|
|                                      | CAPITAL PREFERRED SECURITIES - 58.1% (38.9% OF TOTAL INVESTMENTS) |        |          |
|                                      | CAPITAL MARKETS - 6.3%  |        |          |
| 2,500                                | Bank of New York Capital I, Series B                              | 7.970% | 12/31/26 |
| 2,000                                | BT Capital Trust, Series B1                                       | 7.900% | 1/15/27  |
| 1,000                                | BT Institutional Capital Trust B, 144A                            | 7.750% | 12/01/26 |

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Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION (1)                                | COUPON | MATURITY |
|--------------------------------------|--|--------|----------|
|                                      | CAPITAL MARKETS (continued)                    |        |          |
| 7,900                                | BT Preferred Capital Trust II                  | 7.875% | 2/25/27  |
| 2,250                                | C.A. Preferred Fund Trust II                   | 7.000% | 10/30/49 |
| 11,250                               | C.A. Preferred Funding Trust                   | 7.000% | 1/30/49  |
| 13,463                               | First Union Institutional Capital Securities I | 8.040% | 12/01/26 |
| 5,500                                | UBS Preferred Funding Trust I                  | 8.622% | 10/29/49 |
| 7,250                                | Washington Mutual Capital Trust I              | 8.375% | 6/01/27  |
| -----                                |  |        |          |
|                                      | Total Capital Markets                          |        |          |
| -----                                |  |        |          |
|                                      | COMMERCIAL BANKS - 31.3%                       |        |          |

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|         |  |         |          |
|---------|--|---------|----------|
| 9,000   | AB Svensk Exportkredit, 144A                                   | 6.375%  | 10/27/49 |
| 18,250  | Abbey National Capital Trust I                                 | 8.963%  | 6/30/50  |
| 3,000   | AgFirst Farm Credit Bank                                       | 7.300%  | 12/15/53 |
| 2,500   | Bank One Capital III   | 8.750%  | 9/01/30  |
| 1,500   | BanPonce Trust I, Series A                                     | 8.327%  | 2/01/27  |
| 7,200   | Barclays Bank PLC, 144A  | 8.550%  | 6/15/49  |
| 100     | Barclays Bank PLC  | 6.278%  | 12/15/55 |
| 3,000   | Centura Capital Trust I, 144A                                  | 8.845%  | 6/01/27  |
| 2,000   | Corestates Capital Trust I, 144A                               | 8.000%  | 12/15/26 |
| 1,700   | DBS Capital Funding Corporation, 144A                          | 7.657%  | 3/15/49  |
| 1,000   | First Chicago NBD Institutional Capital, 144A                  | 7.950%  | 12/01/26 |
| 1,500   | First Midwest Bancorp Inc.                                     | 6.950%  | 12/01/33 |
| 24,700  | HBOS Capital Funding LP, Notes                                 | 6.850%  | 3/23/49  |
| 5,750   | HSBC Capital Funding LP, 144A                                  | 9.547%  | 12/31/49 |
| 17,150  | HSBC Capital Funding LP, Debt                                  | 10.176% | 6/30/50  |
| 12,000  | KBC Bank Fund Trust III, 144A                                  | 9.860%  | 5/02/50  |
| 2,000   | KeyCorp Capital III  | 7.750%  | 7/15/29  |
| 2,000   | KeyCorp Institutional Capital Trust A                          | 7.826%  | 12/01/26 |
| 8,850   | Lloyds TSB Bank PLC, Subordinated Note                         | 6.900%  | 11/22/49 |
| 7,655   | Nordbanken AB, 144A  | 8.950%  | 11/29/49 |
| 1,000   | North Fork Capital Trust I, Capital Securities                 | 8.700%  | 12/15/26 |
| 8,000   | Peoples Heritage Capital Trust I, Series B                     | 9.060%  | 2/01/27  |
| 260,400 | PFCI Capital Corporation                                       | 7.750%  | 8/17/52  |
| 19,000  | PNC Institutional Capital Securities, 144A                     | 7.950%  | 12/15/26 |
| 2,000   | Popular North American Capital Trust I                         | 6.564%  | 9/15/34  |
| 16,000  | RBS Capital Trust B  | 6.800%  | 12/31/49 |
| 17,500  | Reliance Capital Trust I, Series B                             | 8.170%  | 5/01/28  |
| 1,400   | Republic New York Capital II, Capital Securities               | 7.530%  | 12/04/26 |
| 5,000   | Sparebanken Rogaland, Notes, 144A                              | 6.443%  | 5/01/49  |
| 23,000  | Summit Capital Trust I, Capital Securities                     | 8.400%  | 3/15/27  |
| 1,800   | Swedbank ForeningsSparbanken AB, 144A                          | 9.000%  | 9/17/50  |
| 2,000   | Union Planters Capital Trust A                                 | 8.200%  | 12/15/26 |
| 4,000   | Wachovia Capital Trust I, Capital Securities, 144A             | 7.640%  | 1/15/27  |
| 14,100  | Washington Mutual Preferred Funding Cayman, Series A-1, 144A   | 7.250%  | 3/15/49  |
| 3,300   | Washington Mutual Preferred Funding Delaware, Series A-1, 144A | 6.534%  | 3/15/49  |
| 3,000   | Zions Institutional Capital Trust, Series A                    | 8.536%  | 12/15/26 |
| -----   |  |         |          |
|         | Total Commercial Banks   |         |          |
| -----   |  |         |          |
|         | DIVERSIFIED FINANCIAL SERVICES - 4.2%                          |         |          |
| 1,500   | BNP Paribas Capital Trust, 144A                                | 9.003%  | 12/29/49 |
| 4,250   | BNP Paribas Capital Trust                                      | 7.200%  | 12/31/49 |
| 3,000   | Citigroup Capital X  | 6.100%  | 9/30/33  |
| 1,900   | Fulton Capital Trust I   | 6.290%  | 2/01/36  |
| 19,500  | JPM Capital Trust II   | 7.950%  | 2/01/27  |
| 8,100   | Old Mutual Capital Funding, Notes                              | 8.000%  | 6/22/53  |
| -----   |  |         |          |
|         | Total Diversified Financial Services                           |         |          |
| -----   |  |         |          |
|         | DIVERSIFIED TELECOMMUNICATION SERVICES - 1.5%                  |         |          |
| 11,250  | Centaur Funding Corporation, Series B, 144A                    | 9.080%  | 4/21/20  |
| -----   |  |         |          |
|         | HOUSEHOLD DURABLES - 0.6%                                      |         |          |
| 4,500   | Stanley Works Capital Trust I, 144A                            | 5.902%  | 12/01/45 |
| -----   |  |         |          |
|         | INSURANCE - 9.1%   |         |          |
| 7,570   | Ace Capital Trust II   | 9.700%  | 4/01/30  |
| 1,000   | Allstate Financing II  | 7.830%  | 12/01/45 |
| 2,000   | American General Capital II                                    | 8.500%  | 7/01/30  |

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| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION (1)   | COUPON | MATURITY |
|--------------------------------------|---|--------|----------|
| -----                                |   |        |          |
|                                      | INSURANCE (continued)   |        |          |
| 2,500                                | Mangrove Bay, Class 3, 144A   | 6.102% | 7/15/33  |
| 4,000                                | MIC Financing Trust I   | 8.375% | 2/01/27  |
| 6,000                                | Oil Insurance Limited, 144A   | 7.550% | 12/30/49 |
| 3,000                                | Prudential PLC  | 6.500% | 6/29/49  |
| 26,216                               | Sun Life Canada Capital Trust, Capital Securities,<br>144A              | 8.526% | 5/06/47  |
| 22,750                               | Zurich Capital Trust I, 144A  | 8.376% | 6/01/37  |
| -----                                |   |        |          |
|                                      | Total Insurance   |        |          |
| -----                                |   |        |          |
|                                      | OIL, GAS & CONSUMABLE FUELS - 3.5%                                      |        |          |
| 4,000                                | KN Capital Trust I, Preferred Securities                                | 8.560% | 4/15/27  |
| 5,860                                | KN Capital Trust III  | 7.630% | 4/15/28  |
| 20,900                               | Phillips 66 Capital Trust II  | 8.000% | 1/15/37  |
| -----                                |   |        |          |
|                                      | Total Oil, Gas & Consumable Fuels                                       |        |          |
| -----                                |   |        |          |
|                                      | THRIFTS & MORTGAGE FINANCE - 1.6%                                       |        |          |
| 8,500                                | Dime Capital Trust I, Series A  | 9.330% | 5/06/27  |
| 5,000                                | Great Western Financial Trust II, Series A                              | 8.206% | 2/01/27  |
| -----                                |   |        |          |
|                                      | Total Thrifts & Mortgage Finance  |        |          |
| -----                                |   |        |          |
|                                      | TOTAL CAPITAL PREFERRED SECURITIES (COST<br>\$517,132,184)              |        |          |
| -----                                |   |        |          |
| SHARES                               | DESCRIPTION (1)   |        |          |
| -----                                |   |        |          |
|                                      | INVESTMENT COMPANIES - 2.8% (1.9% OF TOTAL INVESTMENTS)                 |        |          |
| 296,759                              | Flaherty and Crumrine/Claymore Preferred<br>Securities Income Fund Inc. |        |          |
| 153,048                              | Flaherty and Crumrine/Claymore Total Return Fund<br>Inc.                |        |          |
| 3,764                                | John Hancock Preferred Income Fund                                      |        |          |
| 21,726                               | John Hancock Preferred Income Fund II                                   |        |          |
| 347,499                              | John Hancock Preferred Income Fund III                                  |        |          |
| 88,193                               | Preferred and Corporate Strategies Fund Inc.                            |        |          |
| 340,599                              | Preferred Income Strategies Fund Inc.                                   |        |          |
| -----                                |   |        |          |
|                                      | TOTAL INVESTMENT COMPANIES (COST \$24,612,052)                          |        |          |
| -----                                |   |        |          |

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Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | COUPON | MATURITY |
|---------------------------|--|--------|----------|
|                           | SHORT-TERM INVESTMENTS - 2.9% (1.9% OF TOTAL INVESTMENTS)  |        |          |
| \$ 25,247                 | Repurchase Agreement with State Street Bank, dated<br>6/30/06, repurchase price \$25,255,786,<br>collateralized by \$19,030,000 U.S. Treasury<br>Bonds, 9.875%, due 11/15/15, value \$25,752,937 | 4.130% | 7/03/06  |
| -----                     |  |        |          |
|                           | TOTAL SHORT-TERM INVESTMENTS (COST \$25,247,097)   |        |          |
|                           | TOTAL INVESTMENTS (COST \$1,324,365,953) - 149.2%  |        |          |
|                           | OTHER ASSETS LESS LIABILITIES - 1.1%   |        |          |
|                           | PREFERRED SHARES, AT LIQUIDATION VALUE - (50.3)%   |        |          |
|                           | NET ASSETS APPLICABLE TO COMMON SHARES - 100%  |        |          |

INTEREST RATE SWAPS OUTSTANDING AT JUNE 30, 2006:

| COUNTERPARTY   | NOTIONAL<br>AMOUNT | FIXED RATE                          | FIXED RATE           | FLOATING RATE               | FLOATING RATE        | TERMINA |
|----------------|--------------------|-------------------------------------|----------------------|-----------------------------|----------------------|---------|
|                |                    | PAID<br>BY THE FUND<br>(ANNUALIZED) | PAYMENT<br>FREQUENCY | RECEIVED<br>BY THE FUND (4) | PAYMENT<br>FREQUENCY |         |
| Citigroup Inc. | \$ 55,000,000      | 4.713%                              | Monthly              | 5.138%                      | Monthly              | 12/0    |
| Citigroup Inc. | 110,000,000        | 3.860                               | Monthly              | 5.350                       | Monthly              | 8/2     |
| Citigroup Inc. | 110,000,000        | 4.350                               | Monthly              | 5.350                       | Monthly              | 8/2     |

- (1) All percentages shown in the Portfolio of Investments are based on net assets ap  
to Common shares unless otherwise noted.
- (2) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below  
Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered  
below investment grade.
- (3) Investment is eligible for the Dividends Received Deduction.
- (4) Based on USD-LIBOR (United States Dollar - London Inter-Bank Offered Rate).  
N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- 144A Investment is exempt from registration under Rule 144A of the Securities Act of  
amended. These investments may only be resold in transactions exempt from regist  
which are normally those transactions with qualified institutional buyers.

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|         |  |
|---------|--|
| CBTCS   | Corporate Backed Trust Certificates.     |
| CORTS   | Corporate Backed Trust Securities.       |
| PCARS   | Public Credit and Repackaged Securities. |
| PPLUS   | PreferredPlus Trust.                     |
| SATURNS | Structured Asset Trust Unit Repackaging. |

See accompanying notes to financial statements.

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Nuveen Quality Preferred Income Fund 2 (JPS)

Portfolio of  
INVESTMENTS June 30, 2006 (Unaudited)

| SHARES  | DESCRIPTION (1)   | COUPON | RA |
|---------|---|--------|----|
|         |   |        |    |
|         | CONVERTIBLE PREFERRED SECURITIES - 0.4% (0.2% OF TOTAL INVESTMENTS)<br>INSURANCE - 0.2%               |        |    |
| 118,000 | XL Capital Ltd  | 6.500% |    |
|         |   |        |    |
|         | THRIFTS & MORTGAGE FINANCE - 0.2%   |        |    |
| 114,867 | PMI Group Inc.  | 5.875% |    |
|         |   |        |    |
|         | TOTAL CONVERTIBLE PREFERRED SECURITIES (COST<br>\$5,631,713)  |        |    |
|         |   |        |    |
| SHARES  | DESCRIPTION (1)   | COUPON | RA |
|         |   |        |    |
|         | \$25 PAR (OR SIMILAR) PREFERRED SECURITIES - 81.6% (55.9% OF TOTAL INVESTMENTS)<br>AUTOMOBILES - 0.1% |        |    |
| 2,400   | Daimler Chrysler, Series DCX (CORTS)  | 8.250% |    |
| 4,300   | Daimler Chrysler, Series DCX (CORTS)  | 7.500% |    |
| 3,000   | Daimler Chrysler, Series DCX (CORTS)  | 6.875% |    |
| 3,400   | DaimlerChrysler AG (CORTS)  | 7.875% |    |
| 23,300  | DaimlerChrysler Corp. (PPLUS)   | 7.250% |    |
|         |   |        |    |
|         | Total Automobiles   |        |    |
|         |   |        |    |
|         | CAPITAL MARKETS - 5.8%  |        |    |
| 68,324  | Bear Stearns Capital Trust III  | 7.800% |    |
| 20,500  | BNY Capital Trust IV, Series E  | 6.875% |    |
| 45,288  | BNY Capital Trust V, Series F   | 5.950% |    |
| 399,525 | Compass Capital Trust III   | 7.350% |    |
| 28,600  | CSFB USA, Series 2002-10 (SATURNS)  | 7.000% |    |
| 31,300  | First Union Institutional Capital II (CORTS)  | 8.200% |    |
| 8,300   | Goldman Sachs Capital I (CORTS)   | 6.000% |    |
| 3,700   | Goldman Sachs Capital I, Series A (CORTS)   | 6.000% |    |
| 3,500   | Goldman Sachs Group Inc., Series 2003-11 (SATURNS)  | 5.625% |    |
| 15,700  | Goldman Sachs Group Inc., Series 2004-04 (SATURNS)  | 6.000% |    |

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|         |  |        |
|---------|--|--------|
| 4,600   | Goldman Sachs Group Inc., Series 2004-06 (SATURNS)   | 6.000% |
| 10,300  | Goldman Sachs Group Inc., Series GSC-3 (PPLUS)       | 6.000% |
| 6,100   | Goldman Sachs Group Inc., Series GSG-2 (PPLUS)       | 5.750% |
| 4,300   | Goldman Sachs Group Incorporated (SATURNS)           | 5.750% |
| 324,900 | Lehman Brothers Holdings Capital Trust III, Series K | 6.375% |
| 102,900 | Lehman Brothers Holdings Capital Trust IV, Series L  | 6.375% |
| 60,300  | Lehman Brothers Holdings Capital Trust V, Series M   | 6.000% |
| 122,400 | Merrill Lynch Capital Trust II                       | 8.000% |
| 214,500 | Merrill Lynch Preferred Capital Trust III            | 7.000% |
| 140,700 | Merrill Lynch Preferred Capital Trust IV             | 7.120% |
| 235,500 | Merrill Lynch Preferred Capital Trust V              | 7.280% |
| 107,900 | Merrill Lynch Preferred Capital Trust                | 7.750% |
| 53,200  | Morgan Stanley (PPLUS)                               | 7.050% |
| 168,008 | Morgan Stanley Capital Trust II                      | 7.250% |
| 430,350 | Morgan Stanley Capital Trust III                     | 6.250% |
| 380,900 | Morgan Stanley Capital Trust IV                      | 6.250% |
| 51,100  | Morgan Stanley Capital Trust V                       | 5.750% |
| 495,300 | Morgan Stanley Capital Trust VI                      | 6.600% |
| 518,300 | Morgan Stanley, Series 2006A (WI/DD)                 | 5.777% |

-----  
Total Capital Markets  
-----

|         |                                 |        |
|---------|---------------------------------|--------|
|         | COMMERCIAL BANKS - 11.6%        |        |
| 119,000 | ABN AMRO Capital Fund Trust V   | 5.900% |
| 7,000   | ABN AMRO Capital Trust Fund VII | 6.080% |
| 158,960 | ASBC Capital I                  | 7.625% |
| 136,100 | BAC Capital Trust I             | 7.000% |
| 168,500 | BAC Capital Trust II            | 7.000% |
| 168,300 | BAC Capital Trust III           | 7.000% |
| 267,551 | Banco Santander                 | 6.410% |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| SHARES     | DESCRIPTION (1)                        | COUPON  | RA |
|------------|--|---------|----|
|            | COMMERCIAL BANKS (continued)           |         |    |
| 54,100     | Banco Totta & Acores Finance, Series A | 8.875%  |    |
| 14,900     | BancorpSouth Capital Trust I           | 8.150%  |    |
| 731,000    | Banesto Holdings, Series A, 144A       | 10.500% |    |
| 204,700    | Bank One Capital Trust VI              | 7.200%  |    |
| 67,200     | BankNorth Capital Trust II             | 8.000%  |    |
| 27,412     | Barclays Bank PLC                      | 6.625%  |    |
| 18,200,000 | BOI Capital Funding 3, 144A            | 6.107%  |    |
| 605,000    | Capital One Capital II Corporation     | 7.500%  |    |
| 122,800    | Chittenden Capital Trust I             | 8.000%  |    |
| 225,500    | Cobank ABC, 144A, (3)                  | 7.000%  |    |
| 268,700    | Comerica Capital Trust I               | 7.600%  |    |
| 379,700    | HSBC Finance Corporation               | 6.875%  |    |
| 46,300     | KeyCorp (PCARS)                        | 7.500%  |    |
| 7,867      | KeyCorp Capital Trust V                | 5.875%  |    |

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|  |  |        |
|--|--|--------|
| 23,298   | Keycorp Capital VIII                         | 7.000% |
| 277,700  | National Commerce Capital Trust II           | 7.700% |
| 5,000  | National Westminster Bank PLC                | 7.760% |
| 3,800  | PNC Capital Trust                            | 6.125% |
| 596,876  | Royal Bank of Scotland Group PLC, Series N   | 6.350% |
| 173,800  | SunTrust Capital Trust IV                    | 7.125% |
| 162,700  | SunTrust Capital Trust V                     | 7.050% |
| 330,600  | USB Capital Trust IV                         | 7.350% |
| 140,200  | USB Capital Trust V                          | 7.250% |
| 63,300   | USB Capital Trust VI                         | 5.750% |
| 118,600  | USB Capital Trust VII                        | 5.875% |
| 92,300   | VNB Capital Trust I                          | 7.750% |
| 38,900   | Wells Fargo Capital Trust IV                 | 7.000% |
| 308,100  | Wells Fargo Capital Trust V                  | 7.000% |
| 41,300   | Wells Fargo Capital Trust VI                 | 6.950% |
| 45,975   | Wells Fargo Capital Trust VII                | 5.850% |
| 55,900   | Wells Fargo Capital Trust IX                 | 5.625% |
| 578,650  | Zions Capital Trust B                        | 8.000% |
| <div style="text-align: center;">Total Commercial Banks</div>                |  |        |
| <div style="text-align: center;">COMPUTERS &amp; PERIPHERALS - 0.2%</div>    |  |        |
| 2,600  | IBM Inc., Series 2001-1 (SATURNS)            | 7.125% |
| 11,700   | IBM Inc., Trust Certificates, Series 2001-2  | 7.100% |
| 20,200   | IBM Trust II (CORTS)                         | 7.125% |
| 45,500   | IBM Trust III (CORTS)                        | 7.200% |
| <div style="text-align: center;">Total Computers &amp; Peripherals</div>     |  |        |
| <div style="text-align: center;">CONSUMER FINANCE - 1.0%</div>               |  |        |
| 73,600   | Household Capital Trust VII                  | 7.500% |
| 584,000  | HSBC Finance Corporation                     | 6.360% |
| 24,350   | SLM Corporation                              | 6.000% |
| <div style="text-align: center;">Total Consumer Finance</div>                |  |        |
| <div style="text-align: center;">DIVERSIFIED FINANCIAL SERVICES - 8.8%</div> |  |        |
| 78,800   | BBVA Preferred Capital Ltd., Series B        | 7.750% |
| 279,100  | CIT Group Inc., Series A, (3)                | 6.350% |
| 40,200   | CIT Group Incorporated (CORTS)               | 7.750% |
| 5,960  | Citigroup Capital Trust IX                   | 6.000% |
| 587,400  | Citigroup Capital Trust VII                  | 7.125% |
| 779,495  | Citigroup Capital Trust VIII                 | 6.950% |
| 28,500   | Citigroup Capital Trust XI                   | 6.000% |
| 10,700   | Citigroup, Series CIT (CORTS)                | 6.750% |
| 3,900  | General Electric Capital Corporation (CORTS) | 6.000% |
| 199,700  | General Electric Capital Corporation         | 6.625% |
| 1,523,600  | ING Group N.V.                               | 7.200% |
| 1,445,555  | ING Group N.V.                               | 7.050% |
| 8,900  | ING Group N.V.                               | 6.200% |
| 5,000  | JP Morgan Chase Capital Trust XII            | 6.250% |
| 92,500   | JPM Capital Trust (CORTS)                    | 7.200% |
| 10,600   | JPMorgan Chase & Company (PCARS)             | 7.125% |
| 323,000  | JPMorgan Chase Capital Trust IX, Series I    | 7.500% |
| 198,600  | JPMorgan Chase Capital Trust X               | 7.000% |
| 22,156   | JPMorgan Chase Capital Trust XI              | 5.875% |



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| SHARES    | DESCRIPTION (1)  | COUPON | RA |
|-----------|--|--------|----|
|           | DIVERSIFIED FINANCIAL SERVICES (continued)                                     |        |    |
| 210,900   | JPMorgan Chase Capital Trust XVI   | 6.350% |    |
| 52,900    | JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)                         | 7.125% |    |
|           | Total Diversified Financial Services   |        |    |
|           | DIVERSIFIED TELECOMMUNICATION SERVICES - 0.6%                                  |        |    |
| 116,999   | AT&T Inc.  | 7.000% |    |
| 17,500    | BellSouth Capital Funding (CORTS)  | 7.100% |    |
| 21,600    | BellSouth Corporation (CORTS)  | 7.000% |    |
| 16,300    | BellSouth Corporation, Series 2001-3 (SATURNS)                                 | 7.125% |    |
| 16,200    | BellSouth Corporation, Series BLS (CORTS)                                      | 7.000% |    |
| 42,600    | BellSouth Corporation  | 7.125% |    |
| 17,500    | BellSouth Inc. (CORTS)   | 7.000% |    |
| 29,200    | BellSouth Telecommunications (PPLUS)   | 7.300% |    |
| 1,400     | Deutsche Telekom International Finance B.V., Series 2001-24, Class A-1 (CORTS) | 7.875% |    |
| 30,600    | Verizon Communications (CORTS)   | 7.625% |    |
| 7,600     | Verizon Communications (CORTS)   | 7.375% |    |
| 70,100    | Verizon Global Funding Corporation (SATURNS)                                   | 7.500% |    |
| 22,100    | Verizon New England Inc., Series B   | 7.000% |    |
| 13,000    | Verizon South Inc., Series F   | 7.000% |    |
|           | Total Diversified Telecommunication Services                                   |        |    |
|           | ELECTRIC UTILITIES - 4.6%  |        |    |
| 162,600   | Alabama Power Company, (3)   | 5.830% |    |
| 17,200    | Consolidated Edison Company of New York Inc.                                   | 7.500% |    |
| 2,800     | Consolidated Edison, Inc.  | 7.250% |    |
| 27,400    | DTE Energy Trust I   | 7.800% |    |
| 4,200     | Entergy Arkansas Inc.  | 6.700% |    |
| 57,650    | Entergy Louisiana LLC  | 7.600% |    |
| 1,299,100 | Entergy Mississippi Inc.   | 7.250% |    |
| 1,700     | Georgia Power Capital Trust VII  | 5.875% |    |
| 12,700    | Georgia Power Capital Trust V  | 7.125% |    |
| 59,500    | Georgia Power Company  | 5.900% |    |
| 941,500   | Interstate Power and Light Company, Series B, (3)                              | 8.375% |    |
| 30,200    | National Rural Utilities Cooperative Finance Corporation                       | 7.400% |    |
| 7,700     | National Rural Utilities Cooperative Finance Corporation                       | 6.100% |    |
| 19,600    | National Rural Utilities Cooperative Finance Corporation                       | 5.950% |    |
| 2,600     | Southern Company Capital Trust I (CORTS)                                       | 8.190% |    |
| 3,900     | Southern Company Capital Trust I (CORTS)                                       | 7.375% |    |
| 265,500   | Virginia Power Capital Trust   | 7.375% |    |
|           | Total Electric Utilities   |        |    |
|           | FOOD PRODUCTS - 0.7%   |        |    |
| 122,000   | Dairy Farmers of America Inc., 144A, (3)                                       | 7.875% |    |
|           | HOUSEHOLD DURABLES - 0.7%  |        |    |
| 462,400   | Pulte Homes Inc.   | 7.375% |    |
|           | INDUSTRIAL CONGLOMERATES - 0.0%  |        |    |

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|           |   |        |
|-----------|---|--------|
| 9,200     | General Electric Company, Series GE (CORTS) | 6.800% |
| -----     |   |        |
|           | INSURANCE - 18.6%                           |        |
| 1,214,900 | Ace Ltd., Series C                          | 7.800% |
| 94,000    | Aegon N.V.                                  | 6.500% |
| 2,129,500 | Aegon N.V.                                  | 6.375% |
| 20,200    | AMBAC Financial Group Inc.                  | 7.000% |
| 63,400    | AMBAC Financial Group Inc.                  | 5.950% |
| 9,100     | AMBAC Financial Group Inc.                  | 5.875% |
| 8,400     | Arch Capital Group Limited, Series B        | 7.875% |
| 980,283   | Arch Capital Group Limited                  | 8.000% |
| 479,357   | Delphi Financial Group, Inc.                | 8.000% |
| 1,702,521 | EverestRe Group Limited                     | 7.850% |
| 61,400    | Financial Security Assurance Holdings       | 6.875% |
| 710,100   | Financial Security Assurance Holdings       | 6.250% |
| 369,700   | Hartford Capital Trust III, Series C        | 7.450% |
| 105,300   | Hartford Life Capital Trust II, Series B    | 7.625% |
| 96,900    | Lincoln National Capital Trust V, Series E  | 7.650% |
| 55,300    | Lincoln National Capital Trust VI           | 6.750% |
| 118,600   | MetLife Inc., Series B, (3)                 | 6.500% |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| SHARES  | DESCRIPTION (1)                                   | COUPON | RA |
|---------|---|--------|----|
| -----   |   |        |    |
|         | INSURANCE (continued)                             |        |    |
| 646,320 | PartnerRe Limited, Series C                       | 6.750% |    |
| 27,400  | PartnerRe Limited, Series D                       | 6.500% |    |
| 301,581 | PartnerRe Limited                                 | 7.900% |    |
| 108,700 | PLC Capital Trust III                             | 7.500% |    |
| 453,940 | PLC Capital Trust IV                              | 7.250% |    |
| 22,200  | PLC Capital Trust V                               | 6.125% |    |
| 6,500   | Prudential Financial Inc. (CORTS)                 | 6.000% |    |
| 223,000 | Prudential PLC                                    | 6.750% |    |
| 145,800 | RenaissanceRe Holdings Limited, Series B          | 7.300% |    |
| 20,200  | RenaissanceRe Holdings Limited, Series C          | 6.080% |    |
| 324,060 | RenaissanceRe Holdings Ltd., Series A             | 8.100% |    |
| 22,400  | Safeco Capital Trust I (CORTS)                    | 8.750% |    |
| 6,300   | Safeco Capital Trust III (CORTS)                  | 8.072% |    |
| 2,300   | Safeco Capital Trust IV (CORTS)                   | 8.375% |    |
| 2,600   | Safeco Corporation, Series 2001-7 (SATURNS)       | 8.250% |    |
| 8,500   | Safeco Corporation, Series 2002-5 (SATURNS)       | 8.250% |    |
| 144,100 | Saint Paul Capital Trust I                        | 7.600% |    |
| 130,400 | Torchmark Capital Trust I                         | 7.750% |    |
| 8,300   | Torchmark Capital Trust II                        | 7.750% |    |
| 22,500  | W.R. Berkley (CORTS)                              | 8.250% |    |
| 26,800  | W.R. Berkley Capital Trust, Series 2002-1 (CBTCS) | 8.125% |    |
| 711,146 | W.R. Berkley Corporation                          | 6.750% |    |
| 572,200 | XL Capital Ltd, Series A                          | 8.000% |    |
| 600,417 | XL Capital Ltd, Series B                          | 7.625% |    |
| -----   |   |        |    |
|         | Total Insurance                                   |        |    |

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|         |   |        |
|---------|---|--------|
| -----   |   |        |
|         | IT SERVICES - 0.0%                                  |        |
| 16,100  | Vertex Industries Inc. (PPLUS)                      | 7.625% |
| -----   |   |        |
|         | MEDIA - 0.3%  |        |
| 166,800 | CBS Corporation                                     | 7.250% |
| 6,500   | Comcast Corporation                                 | 7.000% |
| 3,900   | Walt Disney Company (CORTS)                         | 6.875% |
| 18,200  | Walt Disney Company                                 | 7.000% |
| -----   |   |        |
|         | Total Media   |        |
| -----   |   |        |
|         | MULTI-UTILITIES - 0.4%                              |        |
| 119,400 | Dominion CNG Capital Trust I                        | 7.800% |
| 46,300  | Dominion Resources Capital Trust II                 | 8.400% |
| 120,200 | Energy East Capital Trust I                         | 8.250% |
| -----   |   |        |
|         | Total Multi-Utilities                               |        |
| -----   |   |        |
|         | OIL, GAS & CONSUMABLE FUELS - 1.6%                  |        |
| 906,911 | Nexen Inc.  | 7.350% |
| 147,400 | TransCanada Pipeline                                | 8.250% |
| -----   |   |        |
|         | Total Oil, Gas & Consumable Fuels                   |        |
| -----   |   |        |
|         | PHARMACEUTICALS - 0.0%                              |        |
| 10,800  | Bristol Myers Squibb Company (CORTS)                | 6.250% |
| 8,300   | Bristol-Myers Squibb Company Trust (CORTS)          | 6.800% |
| -----   |   |        |
|         | Total Pharmaceuticals                               |        |
| -----   |   |        |
|         | REAL ESTATE - 23.5%                                 |        |
| 95,400  | AvalonBay Communities, Inc., Series H               | 8.700% |
| 16,400  | BRE Properties, Series B                            | 8.080% |
| 155,943 | BRE Properties, Series C                            | 6.750% |
| 81,006  | BRE Properties, Series D                            | 6.750% |
| 717,370 | CarrAmerica Realty Corporation, Series E            | 7.500% |
| 135,925 | Developers Diversified Realty Corporation, Series F | 8.600% |
| 639,813 | Developers Diversified Realty Corporation, Series G | 8.000% |
| 187,823 | Developers Diversified Realty Corporation, Series H | 7.375% |
| 40,467  | Developers Diversified Realty Corporation           | 7.500% |
| 298,900 | Duke Realty Corporation, Series L                   | 6.600% |
| 220,650 | Duke-Weeks Realty Corporation, Series B             | 7.990% |
| 150,000 | Duke-Weeks Realty Corporation                       | 6.950% |
| 5,600   | Duke-Weeks Realty Corporation                       | 6.625% |
| 536,000 | Equity Office Properties Trust, Series G            | 7.750% |

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| SHARES | DESCRIPTION (1)                               | COUPON | RA |
|--------|---|--------|----|
| -----  |   |        |    |
|        | REAL ESTATE (continued)                       |        |    |
| 54,000 | Equity Residential Properties Trust, Series C | 9.125% |    |

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|           |   |        |
|-----------|---|--------|
| 68,250    | Equity Residential Properties Trust, Series D | 8.600% |
| 36,484    | Equity Residential Properties Trust, Series N | 6.480% |
| 332,800   | Federal Realty Investment Trust               | 8.500% |
| 446,000   | First Industrial Realty Trust, Inc., Series C | 8.625% |
| 279,700   | First Industrial Realty Trust, Inc., Series J | 7.250% |
| 1,805,025 | HRPT Properties Trust, Series B               | 8.750% |
| 71,980    | HRPT Properties Trust, Series C               | 7.125% |
| 119,680   | Kimco Realty Corporation, Series F            | 6.650% |
| 199,550   | New Plan Excel Realty Trust, Series D         | 7.800% |
| 771,600   | New Plan Excel Realty Trust, Series E         | 7.625% |
| 1,700     | Prologis Trust, Series F                      | 6.750% |
| 97,728    | Prologis Trust, Series G                      | 6.750% |
| 108,300   | PS Business Parks, Inc., Series I             | 6.875% |
| 110,700   | PS Business Parks, Inc., Series K             | 7.950% |
| 401,000   | PS Business Parks, Inc., Series L             | 7.600% |
| 735,970   | PS Business Parks, Inc.                       | 7.000% |
| 390,700   | Public Storage Inc., Series I                 | 7.250% |
| 234,300   | Public Storage, Inc., Series C                | 6.600% |
| 36,000    | Public Storage, Inc., Series D                | 6.180% |
| 38,600    | Public Storage, Inc., Series E                | 6.750% |
| 72,566    | Public Storage, Inc., Series F                | 6.450% |
| 128,300   | Public Storage, Inc., Series H                | 6.950% |
| 268,295   | Public Storage, Inc., Series R                | 8.000% |
| 69,600    | Public Storage, Inc., Series S                | 7.875% |
| 137,065   | Public Storage, Inc., Series T                | 7.625% |
| 114,900   | Public Storage, Inc., Series U                | 7.625% |
| 148,000   | Public Storage, Inc., Series V                | 7.500% |
| 2,129     | Public Storage, Inc., Series X                | 6.450% |
| 7,500     | Public Storage, Inc.                          | 7.125% |
| 165,900   | Realty Income Corporation                     | 7.375% |
| 309,100   | Regency Centers Corporation                   | 7.450% |
| 245,800   | Regency Centers Corporation                   | 7.250% |
| 17,200    | Regency Centers Corporation                   | 6.700% |
| 34,500    | Simon Property Group, Inc., Series F          | 8.750% |
| 326,041   | Simon Property Group, Inc., Series G          | 7.890% |
| 82,000    | United Dominion Realty Trust                  | 8.600% |
| 22,300    | Vornado Realty Trust, Series F                | 6.750% |
| 213,940   | Vornado Realty Trust, Series G                | 6.625% |
| 113,500   | Vornado Realty Trust, Series H                | 6.750% |
| 220,250   | Vornado Realty Trust, Series I                | 6.625% |
| 2,461,900 | Wachovia Preferred Funding Corporation        | 7.250% |
| 158,600   | Weingarten Realty Trust, Series E             | 6.950% |

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Total Real Estate

|                                   |   |        |
|-----------------------------------|---|--------|
| THRIFTS & MORTGAGE FINANCE - 1.5% |   |        |
| 10,900                            | Countrywide Capital Trust II, Series II (CORTS) | 8.000% |
| 1,050,000                         | Countrywide Capital Trust IV                    | 6.750% |
| 16,800                            | Harris Preferred Capital Corporation, Series A  | 7.375% |

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Total Thrifts & Mortgage Finance

|  |                                    |        |
|--|------------------------------------|--------|
| WIRELESS TELECOMMUNICATION SERVICES - 1.6% |                                    |        |
| 1,043,372                                  | United States Cellular Corporation | 8.750% |

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TOTAL \$25 PAR (OR SIMILAR) PREFERRED SECURITIES  
(COST \$1,386,536,164)

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PRINCIPAL

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| AMOUNT (000) | DESCRIPTION (1)                                    | COUPON |
|--------------|--|--------|
|              | CORPORATE BONDS - 0.9% (0.6% OF TOTAL INVESTMENTS) |        |
|              | COMMERCIAL BANKS - 0.3%                            |        |
| \$ 6,500     | HBOS PLC, Series 144A                              | 6.413% |
|              | INSURANCE - 0.5%                                   |        |
| 8,600        | Great West Life and Annuity Insurance Company      | 7.153% |

| PRINCIPAL<br>AMOUNT (000) | VALUE  |
|---------------------------|--|
|                           | CORPORATE<br>BONDS - 0.9%<br>(0.6% OF<br>TOTAL<br>INVESTMENTS) |
| \$ 6,500                  | \$ 5,840,419   |
|                           | COMMERCIAL<br>BANKS - 0.3%                                     |
|                           |  |
| 8,600                     | INSURANCE - 0.5%<br>8,414,498                                  |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | COUPON |
|---------------------------|--|--------|
|                           | THRIFTS & MORTGAGE FINANCE - 0.1%                          |        |
| \$ 1,000                  | Caisse Nationale Des Caisses d'Epargne et de<br>Prevoyance | 6.750% |
| \$ 16,100                 | TOTAL CORPORATE BONDS (COST \$15,534,686)                  |        |

| PRINCIPAL<br>AMOUNT (000) | VALUE                                   |
|---------------------------|---|
|                           | THRIFTS &<br>MORTGAGE<br>FINANCE - 0.1% |
| \$ 1,000                  | \$ 949,955                              |
| \$ 16,100                 | 15,204,872                              |

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| PRINCIPAL<br>AMOUNT (000)/<br>SHARES                              | DESCRIPTION (1)                                  | COUPON  | MATURITY |
|---|--|---------|----------|
| CAPITAL PREFERRED SECURITIES - 58.6% (40.0% OF TOTAL INVESTMENTS) |  |         |          |
| CAPITAL MARKETS - 7.1%  |  |         |          |
| 15,000  | Ahmanson Capital Trust I, 144A                   | 8.360%  | 12/01/26 |
| 1,465   | Bank of New York Capital I, Series B             | 7.970%  | 12/31/26 |
| 4,000   | BT Capital Trust, Series B1                      | 7.900%  | 1/15/27  |
| 2,000   | BT Institutional Capital Trust B, 144A           | 7.750%  | 12/01/26 |
| 500   | BT Preferred Capital Trust II                    | 7.875%  | 2/25/27  |
| 5,000   | C.A. Preferred Fund Trust II                     | 7.000%  | 10/30/49 |
| 18,600  | C.A. Preferred Funding Trust                     | 7.000%  | 1/30/49  |
| 5,050   | First Hawaiian Capital Trust I, Series B         | 8.343%  | 7/01/27  |
| 1,000   | First Security Capital I                         | 8.410%  | 12/15/26 |
| 17,095  | First Union Capital Trust II, Series A           | 7.950%  | 11/15/29 |
| 20,000  | Mellon Capital Trust I, Series A                 | 7.720%  | 12/01/26 |
| 3,240   | State Street Institutional Capital Trust, 144A   | 7.940%  | 12/30/26 |
| 19,800  | UBS Preferred Funding Trust I                    | 8.622%  | 10/29/49 |
| -----   |  |         |          |
| Total Capital Markets   |  |         |          |
| -----   |  |         |          |
| COMMERCIAL BANKS - 32.0%  |  |         |          |
| 19,000  | AB Svensk Exportkredit, 144A                     | 6.375%  | 10/27/49 |
| 37,250  | Abbey National Capital Trust I                   | 8.963%  | 6/30/50  |
| 7,100   | AgFirst Farm Credit Bank                         | 7.300%  | 12/15/53 |
| 6,500   | Bank One Capital III                             | 8.750%  | 9/01/30  |
| 21,000  | BankBoston Capital Trust I, Series B             | 8.250%  | 12/15/26 |
| 5,000   | BanPonce Trust I, Series A                       | 8.327%  | 2/01/27  |
| 36,000  | Barclays Bank PLC, 144A                          | 8.550%  | 6/15/49  |
| 200   | Barclays Bank PLC                                | 6.278%  | 12/15/55 |
| 2,000   | Corestates Capital Trust I, 144A                 | 8.000%  | 12/15/26 |
| 3,700   | DBS Capital Funding Corporation, 144A            | 7.657%  | 3/15/49  |
| 1,500   | First Empire Capital Trust I                     | 8.234%  | 2/01/27  |
| 1,500   | First Midwest Bancorp Inc.                       | 6.950%  | 12/01/33 |
| 22,080  | Fleet Capital Trust II                           | 7.920%  | 12/11/26 |
| 39,510  | HBOS Capital Funding LP, Notes                   | 6.850%  | 3/23/49  |
| 2,400   | HSBC Capital Funding LP, 144A                    | 9.547%  | 12/31/49 |
| 6,250   | HSBC Capital Funding LP, Debt                    | 10.176% | 6/30/50  |
| 32,000  | KBC Bank Fund Trust III, 144A                    | 9.860%  | 5/02/50  |
| 8,000   | KeyCorp Capital III                              | 7.750%  | 7/15/29  |
| 2,500   | KeyCorp Institutional Capital Trust A            | 7.826%  | 12/01/26 |
| 13,500  | Lloyds TSB Bank PLC, Subordinated Note           | 6.900%  | 11/22/49 |
| 25,000  | M&I Capital Trust A                              | 7.650%  | 12/01/26 |
| 19,500  | NB Capital Trust II                              | 7.830%  | 12/15/26 |
| 14,000  | Nordbanken AB, 144A                              | 8.950%  | 11/29/49 |
| 2,000   | North Fork Capital Trust I, Capital Securities   | 8.700%  | 12/15/26 |
| 8,000   | North Fork Capital Trust II                      | 8.000%  | 12/15/27 |
| 2,000   | Peoples Heritage Capital Trust I, Series B       | 9.060%  | 2/01/27  |
| 289,600   | PFCI Capital Corporation                         | 7.750%  | 8/17/52  |
| 33,085  | PNC Institutional Capital Securities, 144A       | 7.950%  | 12/15/26 |
| 2,000   | Popular North American Capital Trust I           | 6.564%  | 9/15/34  |
| 12,100  | RBS Capital Trust B                              | 6.800%  | 12/31/49 |
| 8,000   | Reliance Capital Trust I, Series B               | 8.170%  | 5/01/28  |
| 500   | Republic New York Capital II, Capital Securities | 7.530%  | 12/04/26 |
| 17,500  | Royal Bank of Scotland Group PLC                 | 9.118%  | 3/31/49  |
| 5,000   | Sparebanken Rogaland, Notes, 144A                | 6.443%  | 5/01/49  |

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|        |  |        |          |
|--------|--|--------|----------|
| 9,000  | St. George Funding Company LLC, 144A                         | 8.485% | 12/31/47 |
| 3,400  | Swedbank ForeningsSparbanken AB, 144A                        | 9.000% | 9/17/50  |
| 7,500  | Union Planters Capital Trust A                               | 8.200% | 12/15/26 |
| 240    | Union Planters Preferred Fund, 144A                          | 7.750% | 7/15/53  |
| 26,500 | Washington Mutual Preferred Funding Cayman, Series A-1, 144A | 7.250% | 3/15/49  |

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| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION (1)   | COUPON | MATURITY |
|--------------------------------------|---|--------|----------|
| -----                                |   |        |          |
|                                      | COMMERCIAL BANKS (continued)                                      |        |          |
| 6,300                                | Washington Mutual Preferred Funding Delaware,<br>Series A-1, 144A | 6.534% | 3/15/49  |
| 10,000                               | Zions Institutional Capital Trust, Series A                       | 8.536% | 12/15/26 |
| -----                                |   |        |          |
|                                      | Total Commercial Banks  |        |          |
| -----                                |   |        |          |
|                                      | DIVERSIFIED FINANCIAL SERVICES - 2.7%                             |        |          |
| 1,000                                | BNP Paribas Capital Trust, 144A                                   | 9.003% | 12/29/49 |
| 2,750                                | BNP Paribas Capital Trust   | 7.200% | 12/31/49 |
| 21,200                               | Citigroup Capital X   | 6.100% | 9/30/33  |
| 3,700                                | Fulton Capital Trust I  | 6.290% | 2/01/36  |
| 22,085                               | JPM Capital Trust II  | 7.950% | 2/01/27  |
| 13,800                               | Old Mutual Capital Funding, Notes                                 | 8.000% | 6/22/53  |
| -----                                |   |        |          |
|                                      | Total Diversified Financial Services                              |        |          |
| -----                                |   |        |          |
|                                      | DIVERSIFIED TELECOMMUNICATION SERVICES - 2.1%                     |        |          |
| 30,250                               | Centaur Funding Corporation, Series B, 144A                       | 9.080% | 4/21/20  |
| -----                                |   |        |          |
|                                      | HOUSEHOLD DURABLES - 0.6%   |        |          |
| 8,600                                | Stanley Works Capital Trust I, 144A                               | 5.902% | 12/01/45 |
| -----                                |   |        |          |
|                                      | INSURANCE - 10.5%   |        |          |
| 14,280                               | Ace Capital Trust II  | 9.700% | 4/01/30  |
| 28,000                               | American General Institutional Capital, 144A                      | 8.125% | 3/15/46  |
| 2,000                                | Mangrove Bay, Class 3, 144A                                       | 6.102% | 7/15/33  |
| 6,000                                | MIC Financing Trust I   | 8.375% | 2/01/27  |
| 12,000                               | Oil Insurance Limited, 144A                                       | 7.550% | 12/30/49 |
| 10,250                               | Prudential PLC  | 6.500% | 6/29/49  |
| 51,700                               | Sun Life Canada Capital Trust, Capital Securities,<br>144A        | 8.526% | 5/06/47  |
| 40,500                               | Zurich Capital Trust I, 144A                                      | 8.376% | 6/01/37  |
| -----                                |   |        |          |
|                                      | Total Insurance   |        |          |
| -----                                |   |        |          |
|                                      | OIL, GAS & CONSUMABLE FUELS - 1.2%                                |        |          |
| 3,680                                | KN Capital Trust I, Preferred Securities                          | 8.560% | 4/15/27  |
| 10,750                               | KN Capital Trust III  | 7.630% | 4/15/28  |
| 7,355                                | Phillips 66 Capital Trust II                                      | 8.000% | 1/15/37  |
| -----                                |   |        |          |
|                                      | Total Oil, Gas & Consumable Fuels                                 |        |          |
| -----                                |   |        |          |

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| SHARES  | DESCRIPTION (1)  | COUPON | MATURITY |
|---|--|--------|----------|
| THRIFTS & MORTGAGE FINANCE - 2.4%                       |  |        |          |
| 5,595   | Countrywide Capital Trust I  | 8.000% | 12/15/26 |
| 8,460   | Countrywide Capital Trust III, Series B                              | 8.050% | 6/15/27  |
| 11,825  | Dime Capital Trust I, Series A                                       | 9.330% | 5/06/27  |
| 13,000  | Great Western Financial Trust II, Series A                           | 8.206% | 2/01/27  |
| -----   |  |        |          |
|   | Total Thrifts & Mortgage Finance                                     |        |          |
| -----   |  |        |          |
|   | TOTAL CAPITAL PREFERRED SECURITIES (COST \$999,449,191)              |        |          |
| -----   |  |        |          |
| INVESTMENT COMPANIES - 2.4% (1.6% OF TOTAL INVESTMENTS) |  |        |          |
| 486,173   | Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc. |        |          |
| 257,293   | Flaherty and Crumrine/Claymore Total Return Fund Inc.                |        |          |
| 8,222   | John Hancock Preferred Income Fund                                   |        |          |
| 40,989  | John Hancock Preferred Income Fund II                                |        |          |
| 583,827   | John Hancock Preferred Income Fund III                               |        |          |
| 139,021   | Preferred and Corporate Strategies Fund Inc.                         |        |          |
| 563,812   | Preferred Income Strategies Fund Inc.                                |        |          |
| -----   |  |        |          |
|   | TOTAL INVESTMENT COMPANIES (COST \$40,967,715)                       |        |          |
| -----   |  |        |          |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| PRINCIPAL AMOUNT (000)                                    | DESCRIPTION (1)  | COUPON | MATURITY |
|---|--|--------|----------|
| SHORT-TERM INVESTMENTS - 2.5% (1.7% OF TOTAL INVESTMENTS) |  |        |          |
| \$ 42,417   | Repurchase Agreement with State Street Bank, dated 6/30/06, repurchase price \$42,431,269, collateralized by \$46,030,000 U.S. Treasury Notes, 4.000%, due 2/15/14, value \$43,268,200 | 4.130% | 7/03/06  |
| -----   |  |        |          |
|   | TOTAL SHORT-TERM INVESTMENTS (COST \$42,416,671)   |        |          |
| -----   |  |        |          |
|   | TOTAL INVESTMENTS (COST \$2,490,536,140) - 146.4%  |        |          |
| -----   |  |        |          |
|   | OTHER ASSETS LESS LIABILITIES - 1.1%   |        |          |
| -----   |  |        |          |
|   | PREFERRED SHARES, AT LIQUIDATION VALUE - (47.5)%   |        |          |
| -----   |  |        |          |
|   | NET ASSETS APPLICABLE TO COMMON SHARES - 100%  |        |          |
| -----   |  |        |          |



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INTEREST RATE SWAPS OUTSTANDING AT JUNE 30, 2006:

| COUNTERPARTY   | NOTIONAL AMOUNT | FIXED RATE PAID BY THE FUND (ANNUALIZED) | FIXED RATE PAYMENT FREQUENCY | FLOATING RATE RECEIVED BY THE FUND (4) | FLOATING RATE PAYMENT FREQUENCY | TER |
|----------------|-----------------|--|------------------------------|--|---------------------------------|-----|
| Citigroup Inc. | \$100,000,000   | 4.713%                                   | Monthly                      | 5.138%                                 | Monthly                         |     |
| Citigroup Inc. | 200,000,000     | 3.375                                    | Monthly                      | 5.138                                  | Monthly                         |     |
| Citigroup Inc. | 200,000,000     | 3.910                                    | Monthly                      | 5.138                                  | Monthly                         |     |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applied to Common shares unless otherwise noted.
- (2) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered below investment grade.
- (3) Investment is eligible for the Dividends Received Deduction.
- (4) Based on USD-LIBOR (United States Dollar - London Inter-Bank Offered Rate).
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- 144A Investment is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These investments may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.
- CBTCS Corporate Backed Trust Certificates.
- CORTS Corporate Backed Trust Securities.
- PCARS Public Credit and Repackaged Securities.
- PPLUS PreferredPlus Trust.
- SATURNS Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

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Nuveen Quality Preferred Income Fund 3 (JHP)

Portfolio of  
INVESTMENTS June 30, 2006 (Unaudited)

| SHARES | DESCRIPTION (1)   | COUPON | RA |
|--------|---|--------|----|
|        | CONVERTIBLE PREFERRED SECURITIES - 0.1% (0.1% OF TOTAL INVESTMENTS) |        |    |
|        | THRIFTS & MORTGAGE FINANCE - 0.1%                                   |        |    |
| 13,400 | PMI Group Inc.  | 5.875% |    |
|        | TOTAL CONVERTIBLE PREFERRED SECURITIES (COST \$326,331)             |        |    |

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| SHARES    | DESCRIPTION (1)   | COUPON  | RA |
|-----------|---|---------|----|
|           | \$25 PAR (OR SIMILAR) PREFERRED SECURITIES - 91.8% (62.5% OF TOTAL INVESTMENTS) |         |    |
|           | AUTOMOBILES - 0.1%  |         |    |
| 8,000     | DaimlerChrysler AG (CORTS)  | 7.875%  |    |
|           | CAPITAL MARKETS - 8.5%  |         |    |
| 21,206    | Bear Stearns Capital Trust III  | 7.800%  |    |
| 59,900    | Compass Capital Trust III   | 7.350%  |    |
| 39,900    | CSFB USA, Series 2002-10 (SATURNS)  | 7.000%  |    |
| 11,300    | First Union Institutional Capital II (CORTS)                                    | 8.200%  |    |
| 5,500     | Goldman Sachs Group Inc., Series GSC-3 (PPLUS)                                  | 6.000%  |    |
| 5,300     | Goldman Sachs Group Incorporated (SATURNS)                                      | 5.750%  |    |
| 356,800   | Lehman Brothers Holdings Capital Trust III, Series K                            | 6.375%  |    |
| 800       | Lehman Brothers Holdings Capital Trust V, Series M                              | 6.000%  |    |
| 22,000    | Merrill Lynch Capital Trust II  | 8.000%  |    |
| 70,800    | Merrill Lynch Preferred Capital Trust III                                       | 7.000%  |    |
| 20,400    | Merrill Lynch Preferred Capital Trust IV  | 7.120%  |    |
| 84,400    | Merrill Lynch Preferred Capital Trust V   | 7.280%  |    |
| 38,500    | Merrill Lynch Preferred Capital Trust   | 7.750%  |    |
| 41,900    | Morgan Stanley (PPLUS)  | 7.050%  |    |
| 80,000    | Morgan Stanley Capital Trust II   | 7.250%  |    |
| 197,741   | Morgan Stanley Capital Trust III  | 6.250%  |    |
| 10,100    | Morgan Stanley Capital Trust V  | 5.750%  |    |
| 75,700    | Morgan Stanley Capital Trust VI   | 6.600%  |    |
|           | Total Capital Markets   |         |    |
|           | COMMERCIAL BANKS - 17.7%  |         |    |
| 23,900    | Abbey National PLC, Series B  | 7.375%  |    |
| 61,800    | Abbey National PLC, Series B  | 7.250%  |    |
| 108,898   | ABN AMRO Capital Trust Fund VII   | 6.080%  |    |
| 38,200    | ASBC Capital I  | 7.625%  |    |
| 66,694    | BAC Capital Trust I   | 7.000%  |    |
| 41,300    | BAC Capital Trust II  | 7.000%  |    |
| 96,300    | BAC Capital Trust III   | 7.000%  |    |
| 6,000     | BAC Capital Trust IV  | 5.875%  |    |
| 65,600    | BAC Capital Trust V   | 6.000%  |    |
| 8,900     | BAC Capital Trust VIII  | 6.000%  |    |
| 30,618    | Banco Santander   | 6.410%  |    |
| 59,300    | Banco Totta & Acores Finance, Series A  | 8.875%  |    |
| 2,800     | BancorpSouth Capital Trust I  | 8.150%  |    |
| 244,100   | Banesto Holdings, Series A, 144A  | 10.500% |    |
| 33,200    | Bank One Capital Trust VI   | 7.200%  |    |
| 6,100     | BankNorth Capital Trust II  | 8.000%  |    |
| 3,700,000 | BOI Capital Funding 3, 144A   | 6.107%  |    |
| 26,800    | Capital One Capital II Corporation  | 7.500%  |    |
| 24,800    | Chittenden Capital Trust I  | 8.000%  |    |
| 44,500    | Cobank ABC, 144A, (3)   | 7.000%  |    |
| 57,500    | Comerica Capital Trust I  | 7.600%  |    |
| 164,700   | Fleet Capital Trust VII   | 1.800%  |    |
| 35,316    | Fleet Capital Trust VIII  | 7.200%  |    |
| 141,700   | HSBC Finance Corporation  | 6.875%  |    |
| 8,700     | KeyCorp (PCARS)   | 7.500%  |    |
| 5,733     | KeyCorp Capital Trust V   | 5.875%  |    |

Nuveen Quality Preferred Income Fund 3 (JHP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| SHARES  | DESCRIPTION (1)  | COUPON | RA |
|---------|--|--------|----|
| -----   |  |        |    |
|         | COMMERCIAL BANKS (continued)                                   |        |    |
| 25,900  | National Commerce Capital Trust II                             | 7.700% |    |
| 16,500  | National Westminster Bank PLC, Series B                        | 7.875% |    |
| 12,200  | PNC Capital Trust  | 6.125% |    |
| 40,000  | Royal Bank of Scotland Group PLC, Series M                     | 6.400% |    |
| 104,465 | Royal Bank of Scotland Group PLC, Series N                     | 6.350% |    |
| 18,000  | SunTrust Capital Trust IV                                      | 7.125% |    |
| 27,000  | SunTrust Capital Trust V                                       | 7.050% |    |
| 103,500 | USB Capital Trust IV   | 7.350% |    |
| 70,400  | USB Capital Trust V  | 7.250% |    |
| 16,100  | USB Capital Trust VII  | 5.875% |    |
| 19,000  | VNB Capital Trust I  | 7.750% |    |
| 51,000  | Wells Fargo Capital Trust V                                    | 7.000% |    |
| 6,800   | Wells Fargo Capital Trust VI                                   | 6.950% |    |
| 65,925  | Wells Fargo Capital Trust VII                                  | 5.850% |    |
| 16,000  | Wells Fargo Capital Trust IX                                   | 5.625% |    |
| 80,800  | Zions Capital Trust B  | 8.000% |    |
| -----   |  |        |    |
|         | Total Commercial Banks   |        |    |
| -----   |  |        |    |
|         | COMPUTERS & PERIPHERALS - 0.0%                                 |        |    |
| 2,700   | IBM Inc., Trust Certificates, Series 2001-2                    | 7.100% |    |
| -----   |  |        |    |
|         | CONSUMER FINANCE - 1.4%  |        |    |
| 101,800 | Household Capital Trust VII                                    | 7.500% |    |
| 77,100  | HSBC Finance Corporation                                       | 6.360% |    |
| -----   |  |        |    |
|         | Total Consumer Finance   |        |    |
| -----   |  |        |    |
|         | DIVERSIFIED FINANCIAL SERVICES - 8.1%                          |        |    |
| 10,000  | BBVA Preferred Capital Ltd., Series B                          | 7.750% |    |
| 26,700  | CIT Group Inc., Series A, (3)                                  | 6.350% |    |
| 45,500  | CIT Group Incorporated (CORTS)                                 | 7.750% |    |
| 51,100  | Citigroup Capital Trust VII                                    | 7.125% |    |
| 14,202  | Citigroup Capital Trust VIII                                   | 6.950% |    |
| 2,880   | Citigroup Capital Trust IX                                     | 6.000% |    |
| 17,800  | Citigroup Capital Trust XI                                     | 6.000% |    |
| 50,901  | Citigroup Inc., Series M, (3)                                  | 5.864% |    |
| 3,500   | General Electric Capital Corporation (CORTS)                   | 6.000% |    |
| 1,100   | General Electric Capital Corporation                           | 6.625% |    |
| 504,300 | ING Group N.V.   | 7.200% |    |
| 142,900 | ING Group N.V.   | 7.050% |    |
| 42,600  | JPMorgan Chase Capital Trust X                                 | 7.000% |    |
| 43,800  | JPMorgan Chase Capital Trust XVI                               | 6.350% |    |
|         | JPMorgan Chase Trust, Series 2002-6, Class A                   |        |    |
| 25,800  | (SATURNS)  | 7.125% |    |
| 6,300   | Royal Bank of Scotland Public Limited Company,<br>Series 2006Q | 6.750% |    |
| -----   |  |        |    |
|         | Total Diversified Financial Services                           |        |    |

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| -----   |  |        |
|---|--|--------|
| DIVERSIFIED TELECOMMUNICATION SERVICES - 0.8% |  |        |
| 32,500  | AT&T Inc.  | 7.000% |
| 1,900   | BellSouth Capital Funding (CORTS)                        | 7.100% |
| 4,200   | BellSouth Corporation (CORTS)                            | 7.000% |
| 6,900   | BellSouth Corporation, Series 2001-3 (SATURNS)           | 7.125% |
| 8,000   | BellSouth Corporation, Series BLS (CORTS)                | 7.000% |
| 15,700  | BellSouth Inc. (CORTS)                                   | 7.000% |
| 7,600   | BellSouth Telecommunications (PPLUS)                     | 7.300% |
| 25,600  | Verizon Communications (CORTS)                           | 7.625% |
| -----   |  |        |
| Total Diversified Telecommunication Services  |  |        |
| -----   |  |        |
| ELECTRIC UTILITIES - 2.4%                     |  |        |
| 54,500  | Entergy Louisiana LLC                                    | 7.600% |
| 203,447                                       | Entergy Mississippi Inc.                                 | 7.250% |
| 5,300   | National Rural Utilities Cooperative Finance Corporation | 7.400% |
| 2,300   | National Rural Utilities Cooperative Finance Corporation | 6.100% |
| 33,018  | National Rural Utilities Cooperative Finance Corporation | 5.950% |
| 8,900   | Virginia Power Capital Trust                             | 7.375% |
| -----   |  |        |
| Total Electric Utilities                      |  |        |
| -----   |  |        |
| FOOD PRODUCTS - 0.7%                          |  |        |
| 23,500  | Dairy Farmers of America Inc., 144A, (3)                 | 7.875% |
| -----   |  |        |

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| SHARES                          | DESCRIPTION (1)                             | COUPON | RA |
|---------------------------------|---|--------|----|
| -----                           |   |        |    |
| INDUSTRIAL CONGLOMERATES - 0.0% |   |        |    |
| 1,400                           | General Electric Company, Series GE (CORTS) | 6.800% |    |
| -----                           |   |        |    |
| INSURANCE - 21.6%               |   |        |    |
| 194,400                         | Ace Ltd., Series C                          | 7.800% |    |
| 26,400                          | Aegon N.V.                                  | 6.500% |    |
| 406,738                         | Aegon N.V.                                  | 6.375% |    |
| 2,600                           | Allstate Corporation (PCARS)                | 7.150% |    |
| 32,400                          | AMBAC Financial Group Inc.                  | 5.950% |    |
| 95,400                          | AMBAC Financial Group Inc.                  | 5.875% |    |
| 195,649                         | Arch Capital Group Limited                  | 8.000% |    |
| 138,600                         | Delphi Financial Group, Inc.                | 8.000% |    |
| 45,067                          | EverestRe Capital Trust II                  | 6.200% |    |
| 293,816                         | EverestRe Group Limited                     | 7.850% |    |
| 151,100                         | Financial Security Assurance Holdings       | 6.250% |    |
| 246,000                         | Hartford Capital Trust III, Series C        | 7.450% |    |
| 107,300                         | Lincoln National Capital Trust V, Series E  | 7.650% |    |
| 20,900                          | MetLife Inc., Series B, (3)                 | 6.500% |    |
| 144,900                         | PartnerRe Limited, Series C                 | 6.750% |    |
| 3,000                           | PartnerRe Limited, Series D                 | 6.500% |    |
| 65,000                          | PartnerRe Limited                           | 7.900% |    |
| 57,100                          | PLC Capital Trust III                       | 7.500% |    |

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|                                    |   |        |
|------------------------------------|---|--------|
| 15,600                             | PLC Capital Trust IV                                | 7.250% |
| 4,500                              | PLC Capital Trust V                                 | 6.125% |
| 52,544                             | Prudential PLC                                      | 6.750% |
| 41,500                             | RenaissanceRe Holdings Limited, Series A            | 8.100% |
| 60,401                             | RenaissanceRe Holdings Limited, Series B            | 7.300% |
| 32,800                             | Safeco Corporation, Series 2001-7 (SATURNS)         | 8.250% |
| 28,900                             | Saint Paul Capital Trust I                          | 7.600% |
| 32,600                             | W.R. Berkley Capital Trust, Series 2002-1 (CBTCS)   | 8.125% |
| 7,000                              | W.R. Berkley Corporation                            | 6.750% |
| 65,100                             | XL Capital Ltd, Series A                            | 8.000% |
| 294,200                            | XL Capital Ltd, Series B                            | 7.625% |
| Total Insurance                    |   |        |
| MEDIA - 2.3%                       |   |        |
| 1,700                              | CBS Corporation                                     | 7.250% |
| 294,700                            | Comcast Corporation                                 | 7.000% |
| 1,900                              | Walt Disney Company                                 | 7.000% |
| Total Media                        |   |        |
| MULTI-UTILITIES - 0.2%             |   |        |
| 17,900                             | Dominion CNG Capital Trust I                        | 7.800% |
| 24,500                             | Energy East Capital Trust I                         | 8.250% |
| Total Multi-Utilities              |   |        |
| OIL, GAS & CONSUMABLE FUELS - 1.8% |   |        |
| 194,200                            | Nexen Inc.  | 7.350% |
| 34,700                             | TransCanada Pipeline                                | 8.250% |
| Total Oil, Gas & Consumable Fuels  |   |        |
| PHARMACEUTICALS - 0.1%             |   |        |
| 10,400                             | Bristol Myers Squibb Company (CORTS)                | 6.250% |
| 4,300                              | Bristol-Myers Squibb Company Trust (CORTS)          | 6.800% |
| Total Pharmaceuticals              |   |        |
| REAL ESTATE - 22.8%                |   |        |
| 10,700                             | AvalonBay Communities, Inc., Series H               | 8.700% |
| 43,037                             | BRE Properties, Series C                            | 6.750% |
| 8,029                              | BRE Properties, Series D                            | 6.750% |
| 140,517                            | CarrAmerica Realty Corporation, Series E            | 7.500% |
| 26,700                             | Developers Diversified Realty Corporation, Series F | 8.600% |
| 171,200                            | Developers Diversified Realty Corporation, Series G | 8.000% |
| 32,000                             | Developers Diversified Realty Corporation, Series H | 7.375% |
| 112,900                            | Duke Realty Corporation, Series L                   | 6.600% |
| 149,000                            | Duke-Weeks Realty Corporation                       | 6.950% |
| 61,444                             | Equity Office Properties Trust, Series G            | 7.750% |
| 18,500                             | Equity Residential Properties Trust, Series C       | 9.125% |
| 20,800                             | Equity Residential Properties Trust, Series D       | 8.600% |

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Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| SHARES  | DESCRIPTION (1)  | COUPON | RA |
|---------|--|--------|----|
| -----   |  |        |    |
|         | REAL ESTATE (continued)  |        |    |
| 56,200  | Federal Realty Investment Trust  | 8.500% |    |
| 223,471 | First Industrial Realty Trust, Inc., Series C                            | 8.625% |    |
| 145,900 | First Industrial Realty Trust, Inc., Series J                            | 7.250% |    |
| 247,207 | HRPT Properties Trust, Series B  | 8.750% |    |
| 129,611 | HRPT Properties Trust, Series C  | 7.125% |    |
| 21,000  | New Plan Excel Realty Trust, Series D                                    | 7.800% |    |
| 36,300  | New Plan Excel Realty Trust, Series E                                    | 7.625% |    |
| 20,000  | Prologis Trust, Series G   | 6.750% |    |
| 8,300   | PS Business Parks, Inc., Series F  | 8.750% |    |
| 120,000 | PS Business Parks, Inc., Series L  | 7.600% |    |
| 136,000 | PS Business Parks, Inc.  | 7.000% |    |
| 16,100  | Public Storage, Inc., Series F   | 6.450% |    |
| 2,100   | Public Storage, Inc., Series H   | 6.950% |    |
| 167,633 | Public Storage, Inc., Series R   | 8.000% |    |
| 26,900  | Public Storage, Inc., Series S   | 7.875% |    |
| 31,100  | Public Storage, Inc., Series T   | 7.625% |    |
| 15,200  | Public Storage, Inc., Series U   | 7.625% |    |
| 17,000  | Public Storage, Inc., Series V   | 7.500% |    |
| 3,700   | Public Storage, Inc., Series X   | 6.450% |    |
| 3,000   | Public Storage, Inc.   | 7.125% |    |
| 5,900   | Realty Income Corporation  | 7.375% |    |
| 12,600  | Regency Centers Corporation  | 7.450% |    |
| 84,500  | Regency Centers Corporation  | 7.250% |    |
| 19,600  | Regency Centers Corporation  | 6.700% |    |
| 7,500   | Simon Property Group, Inc., Series F                                     | 8.750% |    |
| 68,600  | Simon Property Group, Inc., Series G                                     | 7.890% |    |
| 41,000  | United Dominion Realty Trust   | 8.600% |    |
| 61,800  | Vornado Realty Trust, Series G   | 6.625% |    |
| 7,500   | Vornado Realty Trust, Series I   | 6.625% |    |
| 252,700 | Wachovia Preferred Funding Corporation                                   | 7.250% |    |
| 39,900  | Weingarten Realty Trust, Series E  | 6.950% |    |
| -----   |  |        |    |
|         | Total Real Estate  |        |    |
| -----   |  |        |    |
|         | THRIFTS & MORTGAGE FINANCE - 2.0%  |        |    |
| 21,100  | Countrywide Capital Trust II, Series II (CORTS)                          | 8.000% |    |
| 241,430 | Countrywide Capital Trust IV   | 6.750% |    |
| 3,300   | Harris Preferred Capital Corporation, Series A                           | 7.375% |    |
| -----   |  |        |    |
|         | Total Thrifts & Mortgage Finance   |        |    |
| -----   |  |        |    |
|         | WIRELESS TELECOMMUNICATION SERVICES - 1.3%                               |        |    |
| 157,500 | United States Cellular Corporation                                       | 8.750% |    |
| 4,300   | United States Cellular Corporation                                       | 7.500% |    |
| -----   |  |        |    |
|         | Total Wireless Telecommunication Services                                |        |    |
| -----   |  |        |    |
|         | TOTAL \$25 PAR (OR SIMILAR) PREFERRED SECURITIES<br>(COST \$303,618,579) |        |    |
| -----   |  |        |    |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                    | COUPON |
|---------------------------|--|--------|
|                           | CORPORATE BONDS - 0.5% (0.4% OF TOTAL INVESTMENTS) |        |
|                           | COMMERCIAL BANKS - 0.1%                            |        |
| \$ 300                    | HBOS PLC, Series 144A                              | 6.413% |
|                           | INSURANCE - 0.4%                                   |        |
| 1,500                     | Great West Life and Annuity Insurance Company      | 7.153% |
| \$ 1,800                  | TOTAL CORPORATE BONDS (COST \$1,768,093)           |        |

| PRINCIPAL<br>AMOUNT (000) | VALUE  |
|---------------------------|--|
|                           | CORPORATE<br>BONDS - 0.5%<br>(0.4% OF<br>TOTAL<br>INVESTMENTS) |
| \$ 300                    | \$ 269,558   |
|                           | INSURANCE - 0.4%   |
| 1,500                     | 1,467,645  |
| \$ 1,800                  | 1,737,203  |

| PRINCIPAL<br>AMOUNT<br>(000)/<br>SHARES | DESCRIPTION (1)   | COUPON | MATURITY | RATING |
|---|---|--------|----------|--------|
|   | CAPITAL PREFERRED SECURITIES - 49.7% (33.9% OF TOTAL INVESTMENTS) |        |          |        |
|   | CAPITAL MARKETS - 6.5%  |        |          |        |
| 2,500                                   | Ahmanson Capital Trust I, 144A                                    | 8.360% | 12/01/26 | Ba     |
| 1,000                                   | Bank of New York Capital I, Series B                              | 7.970% | 12/31/26 |        |
| 1,000                                   | BT Capital Trust, Series B1                                       | 7.900% | 1/15/27  |        |

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| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION (1) | COUPON | MATURITY | RATING |
|--------------------------------------|-----------------|--------|----------|--------|
|--------------------------------------|-----------------|--------|----------|--------|

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|   |  |        |          |
|---|--|--------|----------|
| CAPITAL MARKETS (continued)                   |  |        |          |
| 1,000   | BT Institutional Capital Trust B, 144A                         | 7.750% | 12/01/26 |
| 500   | BT Preferred Capital Trust II                                  | 7.875% | 2/25/27  |
| 250   | C.A. Preferred Fund Trust II                                   | 7.000% | 10/30/49 |
| 3,750   | C.A. Preferred Funding Trust                                   | 7.000% | 1/30/49  |
| 1,000   | First Hawaiian Capital Trust I, Series B                       | 8.343% | 7/01/27  |
| 8,485   | First Union Capital Trust II, Series A                         | 7.950% | 11/15/29 |
| Total Capital Markets                         |  |        |          |
| COMMERCIAL BANKS - 23.7%                      |  |        |          |
| 2,000   | AB Svensk Exportkredit, 144A                                   | 6.375% | 10/27/49 |
| 1,000   | Abbey National Capital Trust I                                 | 8.963% | 6/30/50  |
| 1,900   | AgFirst Farm Credit Bank                                       | 7.300% | 12/15/53 |
| 1,000   | BankAmerica Capital II, Series 2                               | 8.000% | 12/15/26 |
| 1,500   | BankBoston Capital Trust II, Series B                          | 7.750% | 12/15/26 |
| 1,000   | BanPonce Trust I, Series A                                     | 8.327% | 2/01/27  |
| 6,200   | Barclays Bank PLC, 144A  | 8.550% | 6/15/49  |
| 100   | Barclays Bank PLC  | 6.278% | 12/15/55 |
| 900   | DBS Capital Funding Corporation, 144A                          | 7.657% | 3/15/49  |
| 1,000   | First Empire Capital Trust I                                   | 8.234% | 2/01/27  |
| 500   | First Midwest Bancorp Inc.                                     | 6.950% | 12/01/33 |
| 8,800   | HBOS Capital Funding LP, Notes                                 | 6.850% | 3/23/49  |
| 1,430   | HSBC USA Capital Trust II, 144A                                | 8.380% | 5/15/27  |
| 2,500   | KBC Bank Fund Trust III, 144A                                  | 9.860% | 5/02/50  |
| 2,500   | Lloyds TSB Bank PLC, Subordinated Note                         | 6.900% | 11/22/49 |
| 4,000   | North Fork Capital Trust I, Capital Securities                 | 8.700% | 12/15/26 |
| 3,150   | Peoples Heritage Capital Trust I, Series B                     | 9.060% | 2/01/27  |
| 5,000   | PNC Institutional Capital Trust B, 144A                        | 8.315% | 5/15/27  |
| 1,000   | Popular North American Capital Trust I                         | 6.564% | 9/15/34  |
| 4,500   | RBS Capital Trust B  | 6.800% | 12/31/49 |
| 2,500   | St. George Funding Company LLC, 144A                           | 8.485% | 12/31/47 |
| 655   | Swedbank ForeningsSparbanken AB, 144A                          | 9.000% | 9/17/50  |
| 4,600   | Union Planters Capital Trust A                                 | 8.200% | 12/15/26 |
| 70  | Union Planters Preferred Fund, 144A                            | 7.750% | 7/15/53  |
| 5,300   | Washington Mutual Preferred Funding Cayman, Series A-1, 144A   | 7.250% | 3/15/49  |
| 1,200   | Washington Mutual Preferred Funding Delaware, Series A-1, 144A | 6.534% | 3/15/49  |
| 3,000   | Zions Institutional Capital Trust, Series A                    | 8.536% | 12/15/26 |
| Total Commercial Banks                        |  |        |          |
| DIVERSIFIED FINANCIAL SERVICES - 1.2%         |  |        |          |
| 1,000   | BNP Paribas Capital Trust                                      | 7.200% | 12/31/49 |
| 10,300  | Citigroup Capital X  | 6.100% | 9/30/33  |
| 700   | Fulton Capital Trust I   | 6.290% | 2/01/36  |
| 12,550  | General Electric Capital Corporation                           | 6.450% | 6/15/46  |
| 1,800   | Old Mutual Capital Funding, Notes                              | 8.000% | 6/22/53  |
| Total Diversified Financial Services          |  |        |          |
| DIVERSIFIED TELECOMMUNICATION SERVICES - 1.9% |  |        |          |
| 5,260   | Centaur Funding Corporation, Series B, 144A                    | 9.080% | 4/21/20  |
| HOUSEHOLD DURABLES - 0.6%                     |  |        |          |
| 1,700   | Stanley Works Capital Trust I, 144A                            | 5.902% | 12/01/45 |
| INSURANCE - 11.9%                             |  |        |          |
| 3,450   | Ace Capital Trust II   | 9.700% | 4/01/30  |



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|        |  |        |          |
|--------|--|--------|----------|
| 750    | Mangrove Bay, Class 3, 144A                                | 6.102% | 7/15/33  |
| 10,000 | MIC Financing Trust I                                      | 8.375% | 2/01/27  |
| 2,000  | Oil Insurance Limited, 144A                                | 7.550% | 12/30/49 |
| 1,500  | Prudential PLC   | 6.500% | 6/29/49  |
| 10,000 | Sun Life Canada Capital Trust, Capital Securities,<br>144A | 8.526% | 5/06/47  |
| 1,000  | ZFS FINANCE USA TRUST II 144A                              | 6.450% | 12/15/65 |
| 8,000  | Zurich Capital Trust I, 144A                               | 8.376% | 6/01/37  |
| -----  |  |        |          |
|        | Total Insurance  |        |          |
| -----  |  |        |          |

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Nuveen Quality Preferred Income Fund 3 (JHP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION (1)  | COUPON | MATURITY | RATIO |
|--------------------------------------|--|--------|----------|-------|
| -----                                |  |        |          |       |
|                                      | OIL, GAS & CONSUMABLE FUELS - 2.2%                         |        |          |       |
| 3,000                                | KN Capital Trust III                                       | 7.630% | 4/15/28  |       |
| 4,500                                | Phillips 66 Capital Trust II                               | 8.000% | 1/15/37  |       |
| -----                                |  |        |          |       |
|                                      | Total Oil, Gas & Consumable Fuels                          |        |          |       |
| -----                                |  |        |          |       |
|                                      | THRIFTS & MORTGAGE FINANCE - 1.7%                          |        |          |       |
| 1,000                                | Countrywide Capital Trust I                                | 8.000% | 12/15/26 |       |
| 4,225                                | Dime Capital Trust I, Series A                             | 9.330% | 5/06/27  |       |
| -----                                |  |        |          |       |
|                                      | Total Thrifts & Mortgage Finance                           |        |          |       |
| -----                                |  |        |          |       |
|                                      | TOTAL CAPITAL PREFERRED SECURITIES (COST<br>\$165,689,369) |        |          |       |
| -----                                |  |        |          |       |

| SHARES  | DESCRIPTION (1)   |
|---------|---|
| -----   |   |
|         | INVESTMENT COMPANIES - 2.5% (1.7% OF TOTAL INVESTMENTS)                 |
| 112,569 | Flaherty and Crumrine/Claymore Preferred<br>Securities Income Fund Inc. |
| 50,222  | Flaherty and Crumrine/Claymore Total Return Fund<br>Inc.                |
| 4,025   | John Hancock Preferred Income Fund                                      |
| 9,846   | John Hancock Preferred Income Fund II                                   |
| 115,889 | John Hancock Preferred Income Fund III                                  |
| 33,458  | Preferred and Corporate Strategies Fund Inc.                            |
| 95,416  | Preferred Income Strategies Fund Inc.                                   |
| -----   |   |
|         | TOTAL INVESTMENT COMPANIES (COST \$8,321,030)                           |
| -----   |   |

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| PRINCIPAL AMOUNT (000)                           | DESCRIPTION (1)   | COUPON | MATURITY |
|--|---|--------|----------|
|  | SHORT-TERM INVESTMENTS - 2.1% (1.4% OF TOTAL INVESTMENTS)   |        |          |
| \$ 6,783   | Repurchase Agreement with State Street Bank, dated 6/30/06, repurchase price \$6,785,140, collateralized by \$7,365,000 U.S. Treasury Notes, 4.000%, due 2/15/14, value \$6,923,100 | 4.130% | 7/03/06  |
| -----  |   |        |          |
| TOTAL SHORT-TERM INVESTMENTS (COST \$6,782,806)  |   |        |          |
| -----  |   |        |          |
| TOTAL INVESTMENTS (COST \$486,506,208) - 146.7%  |   |        |          |
| -----  |   |        |          |
| OTHER ASSETS LESS LIABILITIES - 4.7%             |   |        |          |
| -----  |   |        |          |
| PREFERRED SHARES, AT LIQUIDATION VALUE - (51.4)% |   |        |          |
| -----  |   |        |          |
| NET ASSETS APPLICABLE TO COMMON SHARES - 100%    |   |        |          |
| -----  |   |        |          |

INTEREST RATE SWAPS OUTSTANDING AT JUNE 30, 2006:

| COUNTERPARTY   | NOTIONAL AMOUNT | FIXED RATE                    | FIXED RATE        | FLOATING RATE            | FLOATING RATE     | TERMINATION DATE |
|----------------|-----------------|-------------------------------|-------------------|--------------------------|-------------------|------------------|
|                |                 | PAID BY THE FUND (ANNUALIZED) | PAYMENT FREQUENCY | RECEIVED BY THE FUND (4) | PAYMENT FREQUENCY |                  |
| Citigroup Inc. | \$42,000,000    | 3.255%                        | Monthly           | 5.138%                   | Monthly           | 3/06             |
| Citigroup Inc. | 42,000,000      | 3.815                         | Monthly           | 5.138                    | Monthly           | 3/06             |
| JPMorgan Chase | 21,000,000      | 5.338                         | Monthly           | 5.138                    | Monthly           | 11/06            |
| JPMorgan Chase | 21,000,000      | 5.318                         | Monthly           | 5.138                    | Monthly           | 5/06             |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered below investment grade.
- (3) Investment is eligible for the Dividends Received Deduction.
- (4) Based on USD-LIBOR (United States Dollar - London Inter-Bank Offered Rate).
- N/R Not rated.
- 144A Investment is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These investments may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.
- CBTCS Corporate Backed Trust Certificates.
- CORTS Corporate Backed Trust Securities.
- PCARS Public Credit and Repackaged Securities.
- PPLUS PreferredPlus Trust.
- SATURNS Structured Asset Trust Unit Repackaging.

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See accompanying notes to financial statements.

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Statement of  
ASSETS AND LIABILITIES June 30, 2006 (Unaudited)

|   | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|---|---|---|
| <b>ASSETS</b>   |   |   |
| Investments, at value (cost \$1,324,365,953, \$2,490,536,140 and \$486,506,208, respectively)                               | \$1,304,040,496                         | \$2,465,979,850                           |
| Cash  | --                                      | 1,292                                     |
| Unrealized appreciation on interest rate swaps  | 5,909,220                               | 16,044,098                                |
| Receivables:  |   |   |
| Dividends   | 1,915,043                               | 2,761,807                                 |
| Interest  | 6,335,109                               | 9,831,743                                 |
| Investments sold  | 9,505,163                               | 15,767,947                                |
| Reclaims  | --                                      | 40,864                                    |
| Other assets  | 76,831                                  | 150,026                                   |
| <b>Total assets</b>   | <b>1,327,781,862</b>                    | <b>2,510,577,627</b>                      |
| <b>LIABILITIES</b>  |   |   |
| Payable for investments purchased   | 12,736,635                              | 24,261,612                                |
| Accrued expenses:   |   |   |
| Management fees   | 591,721                                 | 1,061,949                                 |
| Other   | 271,423                                 | 466,089                                   |
| FundPreferred share dividends payable   | 176,671                                 | 288,375                                   |
| <b>Total liabilities</b>  | <b>13,776,450</b>                       | <b>26,078,025</b>                         |
| FundPreferred shares, at liquidation value  | 440,000,000                             | 800,000,000                               |
| <b>Net assets applicable to Common shares</b>   | <b>\$ 874,005,412</b>                   | <b>\$1,684,499,602</b>                    |
| Common shares outstanding   | 64,462,104                              | 119,541,842                               |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 13.56                                | \$ 14.09                                  |
| <b>NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:</b>   |   |   |
| Common shares, \$.01 par value per share  | \$ 644,621                              | \$ 1,195,418                              |
| Paid-in surplus   | 911,539,983                             | 1,693,035,834                             |
| Undistributed (Over-distribution of) net investment income  | 1,002,892                               | (2,419,837)                               |
| Accumulated net realized gain (loss) from investments and derivative transactions   | (24,765,847)                            | 1,200,379                                 |
| Net unrealized appreciation (depreciation) of investments and derivative transactions                                       | (14,416,237)                            | (8,512,192)                               |
| <b>Net assets applicable to Common shares</b>   | <b>\$ 874,005,412</b>                   | <b>\$1,684,499,602</b>                    |

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|                    |           |           |
|--------------------|-----------|-----------|
| Authorized shares: |           |           |
| Common             | Unlimited | Unlimited |
| FundPreferred      | Unlimited | Unlimited |

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See accompanying notes to financial statements.

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Statement of  
OPERATIONS Six Months Ended June 30, 2006 (Unaudited)

|  | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |    |
|--|---|---|----|
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |
| INVESTMENT INCOME  |   |   |    |
| Dividends (net of foreign tax withheld of \$8,392<br>\$11,400 and \$2,684, respectively) | \$ 21,795,947                           | \$ 40,897,850                             | \$ |
| Interest   | 19,505,188                              | 35,958,492                                |    |
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |
| Total investment income  | 41,301,135                              | 76,856,342                                |    |
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |
| EXPENSES   |   |   |    |
| Management fees  | 5,750,242                               | 10,522,042                                |    |
| FundPreferred shares - auction fees  | 545,480                                 | 991,780                                   |    |
| FundPreferred shares - dividend disbursing agent fees                                    | 14,914                                  | 20,568                                    |    |
| Shareholders' servicing agent fees and expenses  | 6,405                                   | 9,611                                     |    |
| Custodian's fees and expenses  | 161,517                                 | 272,303                                   |    |
| Trustees' fees and expenses  | 13,560                                  | 27,308                                    |    |
| Professional fees  | 34,853                                  | 53,412                                    |    |
| Shareholders' reports - printing and mailing expenses                                    | 91,886                                  | 177,015                                   |    |
| Stock exchange listing fees  | 11,682                                  | 21,663                                    |    |
| Investor relations expense   | 37,925                                  | 68,690                                    |    |
| Other expenses   | 22,885                                  | 26,812                                    |    |
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |
| Total expenses before custodian fee credit and expense<br>reimbursement                  | 6,691,349                               | 12,191,204                                |    |
| Custodian fee credit   | (6,198)                                 | (2,484)                                   |    |
| Expense reimbursement  | (2,122,692)                             | (4,016,976)                               |    |
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |
| Net expenses   | 4,562,459                               | 8,171,744                                 |    |
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |
| Net investment income  | 36,738,676                              | 68,684,598                                |    |
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |
| REALIZED AND UNREALIZED GAIN (LOSS)  |   |   |    |
| Net realized gain (loss) from:   |   |   |    |
| Investments  | 6,913,146                               | 12,478,976                                |    |
| Interest rate swaps  | 728,782                                 | 2,052,055                                 |    |
| Change in net unrealized appreciation (depreciation) of:                                 |   |   |    |
| Investments  | (44,410,068)                            | (85,289,694)                              |    |
| Interest rate swaps  | 2,898,118                               | 5,089,432                                 |    |
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |
| Net realized and unrealized gain (loss)  | (33,870,022)                            | (65,669,231)                              |    |
| <hr style="border-top: 1px dashed black;"/>  |   |   |    |

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|   |                |                 |
|---|----------------|-----------------|
| DISTRIBUTIONS TO FUNDPREFERRED SHAREHOLDERS   |                |                 |
| From and in excess of net investment income   | (9,651,430)    | (17,353,925)    |
| From accumulated net realized gains   | --             | --              |
| <hr/>   |                |                 |
| Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders | (9,651,430)    | (17,353,925)    |
| <hr/>   |                |                 |
| Net increase (decrease) in net assets applicable to Common shares from operations                   | \$ (6,782,776) | \$ (14,338,558) |
| <hr/>   |                |                 |

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (Unaudited)

|  | QUALITY PREFERRED INCOME (JTP) |               |
|--|--------------------------------|---------------|
|  | SIX MONTHS                     | YEAR ENDED    |
|  | ENDED<br>6/30/06               | 12/31/05      |
| <hr/>  |                                |               |
| OPERATIONS   |                                |               |
| Net investment income  | \$ 36,738,676                  | \$ 83,656,560 |
| Net realized gain (loss) from:   |                                |               |
| Investments  | 6,913,146                      | 10,256,942    |
| Futures  | --                             | --            |
| Interest rate swaps  | 728,782                        | (1,997,325)   |
| Change in net unrealized appreciation (depreciation) of:                                     |                                |               |
| Investments  | (44,410,068)                   | (58,087,700)  |
| Futures  | --                             | --            |
| Interest rate swaps  | 2,898,118                      | 6,484,892     |
| Distributions to FundPreferred shareholders:   |                                |               |
| From and in excess of net investment income  | (9,651,430)                    | --            |
| From net investment income   | --                             | (13,746,475)  |
| From accumulated net realized gains  | --                             | --            |
| <hr/>  |                                |               |
| Net increase (decrease) in net assets applicable to Common shares from operations            | (6,782,776)                    | 26,566,894    |
| <hr/>  |                                |               |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS   |                                |               |
| From and in excess of net investment income  | (34,809,536)                   |               |
| From net investment income   | --                             | (72,552,099)  |
| From accumulated net realized gains  | --                             | --            |
| <hr/>  |                                |               |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (34,809,536)                   | (72,552,099)  |
| <hr/>  |                                |               |
| Net increase (decrease) in net assets applicable to Common shares                            | (41,592,312)                   | (45,985,205)  |
| Net assets applicable to Common shares at the beginning of period                            | 915,597,724                    | 961,582,929   |
| <hr/>  |                                |               |
| Net assets applicable to Common shares at the end of   |                                |               |

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|   |               |               |    |
|---|---------------|---------------|----|
| period  | \$874,005,412 | \$915,597,724 | \$ |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 1,002,892  | \$ 8,725,182  | \$ |

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (Unaudited) (continued)

|  | QUALITY PREFERRED INCOME 3 (JHP) |                        |
|--|----------------------------------|------------------------|
|  | SIX MONTHS<br>ENDED<br>6/30/06   | YEAR ENDED<br>12/31/05 |
| OPERATIONS   |                                  |                        |
| Net investment income  | \$ 13,613,359                    | \$ 31,177,398          |
| Net realized gain (loss) from:   |                                  |                        |
| Investments  | 1,059,136                        | 2,801,561              |
| Futures  | --                               | --                     |
| Interest rate swaps  | 607,805                          | (22,484)               |
| Change in net unrealized appreciation (depreciation) of:                                     |                                  |                        |
| Investments  | (14,358,827)                     | (21,236,219)           |
| Futures  | --                               | --                     |
| Interest rate swaps  | 880,419                          | 2,007,568              |
| Distributions to FundPreferred shareholders:   |                                  |                        |
| From and in excess of net investment income  | (3,699,289)                      | --                     |
| From net investment income   | --                               | (4,959,898)            |
| From accumulated net realized gains  | --                               | (324,959)              |
| Net increase (decrease) in net assets applicable to Common shares from operations            | (1,897,397)                      | 9,442,967              |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS   |                                  |                        |
| From and in excess of net investment income  | (13,074,425)                     | --                     |
| From net investment income   | --                               | (27,602,875)           |
| From accumulated net realized gains  | --                               | (2,179,859)            |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (13,074,425)                     | (29,782,734)           |
| Net increase (decrease) in net assets applicable to Common shares                            | (14,971,822)                     | (20,339,767)           |
| Net assets applicable to Common shares at the beginning of period                            | 337,857,664                      | 358,197,431            |
| Net assets applicable to Common shares at the end of period                                  | \$322,885,842                    | \$337,857,664          |
| Undistributed (Over-distribution of) net investment income at the end of period              | \$ (1,211,353)                   | \$ 1,949,002           |

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See accompanying notes to financial statements.

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### Notes to FINANCIAL STATEMENTS (Unaudited)

#### 1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The funds (the "Funds") covered in this report and their corresponding Common share New York Stock Exchange symbols are Nuveen Quality Preferred Income Fund (JTP), Nuveen Quality Preferred Income Fund 2 (JPS) and Nuveen Quality Preferred Income Fund 3 (JHP). The Funds are registered under the Investment Company Act of 1940, as amended, as non-diversified, closed-end management investment companies.

Each Fund seeks to provide high current income consistent with capital preservation by investing primarily in a portfolio of preferred securities, debt securities including convertible debt securities and convertible preferred securities.

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted accounting principles.

#### Investment Valuation

Exchange-listed securities and instruments, other than futures, are generally valued at the last sales price on the exchange on which such securities or instruments are primarily traded. Securities or instruments traded on an exchange for which there are no transactions on a given day or securities or instruments not listed on an exchange are valued at the mean of the closing bid and asked prices. Securities traded on Nasdaq are valued at the Nasdaq Official Closing Price. Futures contracts are valued using the closing settlement price or, in the absence of such a price, at the mean of the bid and asked prices. Prices of the other derivative instruments are provided by an independent pricing service approved by the Funds' Board of Trustees. The prices of fixed-income securities are generally also provided by an independent pricing service approved by the Funds' Board of Trustees and based on the mean between the bid and asked prices. When price quotes are not readily available, the pricing service or, in the absence of a pricing service for a particular security or instrument, the Board of Trustees of the Funds, or its designee, may establish fair market value using a wide variety of market data including yields or prices of securities of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant by the pricing service or the Board of Trustee's designee. Short-term investments are valued at amortized cost, which approximates market value.

#### Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from investment transactions are determined on the specific identification method. Investments purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when issued/delayed delivery purchase commitments. At June 30, 2006, Preferred Income (JTP) and Preferred Income 2 (JPS) had outstanding when-issued/delayed delivery purchase commitments of \$6,821,720 and \$12,932,311,

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respectively. There were no such outstanding purchase commitments in the other Fund.

### Investment Income

Dividend income is recorded on the ex-dividend date or, for foreign securities, when information is available. Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis.

### Professional Fees

Professional fees presented in the Statement of Operations consist of legal fees incurred in the normal course of operations, audit fees, tax consulting fees and, in some cases, workout expenditures. Workout expenditures are incurred in an attempt to protect or enhance an investment, or to pursue other claims or legal actions on behalf of Fund shareholders.

### Federal Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required.

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### Notes to

#### FINANCIAL STATEMENTS (Unaudited) (continued)

### Dividends and Distributions to Common Shareholders

Distributions to Common shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles.

Distributions to Common shareholders are declared monthly. Real Estate Investment Trust ("REIT") distributions received by the Funds are generally comprised of ordinary income, long-term and short-term capital gains, and a return of REIT capital. The actual character of amounts received during the period is not known until after the fiscal year-end. For the fiscal year ended December 31, 2005, the character of distributions to the Funds from the REITs was as follows:

|  | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|--|---|---|
| Ordinary income                        | 77.28%                                  | 74.67%                                    |
| Long-term and short-term capital gains | 22.72                                   | 25.33                                     |
| Return of REIT capital                 | --                                      | --  |

For the fiscal year ended December 31, 2005, the Funds applied the actual character of distributions reported by the REITs in which the Funds invest to their receipts from the REITs. If a REIT held in the portfolio of investments did not report the actual character of its distributions during the period, the



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Fund treated the distributions as ordinary income.

For the six months ended June 30, 2006, each Fund applied the actual percentages for the twelve months ended December 31, 2005, described above, to its receipts from the REITs and treated as income in the Statement of Operations only the amount of ordinary income so calculated. The Funds adjust that estimated breakdown of income type (and consequently their net investment income) as necessary early in the following calendar year when REITs inform their shareholders of the actual breakdown of income type.

The actual character of distributions made by the Funds during the fiscal year ended December 31, 2005, are reflected in the accompanying financial statements.

The distributions made by the Funds during the six months ended June 30, 2006, are provisionally classified as being "From and in excess of net investment income", and those distributions will be classified as being from net investment income, net realized capital gains and/or a return of capital for tax purposes after the fiscal year end. For purposes of calculating "Undistributed (Over-distribution of) net investment income as of June 30, 2006, the distribution amounts provisionally classified as "From and in excess of net investment income" were treated as being entirely from net investment income. Consequently, the financial statements at June 30, 2006, reflect an over-distribution of net investment income.

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### FundPreferred Shares

The Funds have issued and outstanding FundPreferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's FundPreferred shares are issued in more than one Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. The number of FundPreferred shares outstanding, by Series and in total, for each Fund is as follows:

|                   | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|-------------------|---|---|
| -----             |   |   |
| Number of shares: |   |   |
| Series M          | 3,520                                   | 4,800                                     |
| Series T          | 3,520                                   | 4,800                                     |
| Series T2         | --                                      | 4,000                                     |
| Series W          | 3,520                                   | 4,800                                     |
| Series TH         | 3,520                                   | 4,800                                     |
| Series TH2        | --                                      | 4,000                                     |
| Series F          | 3,520                                   | 4,800                                     |
| -----             |   |   |
| Total             | 17,600                                  | 32,000                                    |
| -----             |   |   |

### Interest Rate Swap Transactions

The Funds are authorized to invest in certain derivative financial instruments. The Funds' use of interest rate swap transactions is intended to mitigate the negative impact that an increase in short-term interest rates could have on

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Common share net earnings as a result of leverage. Interest rate swap transactions involve each Fund's agreement with the counterparty to pay a fixed rate payment in exchange for the counterparty paying the Fund a variable rate payment that is intended to approximate each Fund's variable rate payment obligation on Fund Preferred shares or any variable rate borrowing. The payment obligation is based on the notional amount of the interest rate swap contract. Interest rate swaps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the net amount of interest payments that each Fund is to receive. Interest rate swap positions are valued daily. Although there are economic advantages of entering into interest rate swap transactions, there are also additional risks. The Funds help manage the credit risks associated with interest rate swap transactions by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations and by having the Adviser continually monitor the financial stability of the swap counterparties.

### Futures Contracts

Each Fund may use futures contracts to hedge against changes in the values of securities the Fund owns. Each Fund bears the market risk arising from changes in the value of these financial instruments. At the time a Fund enters into a futures contract, the Fund deposits and maintains as collateral an initial margin as required by the exchange on which the transaction is affected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses on futures contracts. Risk may arise from the potential inability of the counterparty to meet the terms of the contract. When a contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed. At June 30, 2006, there were no open futures contracts in any of the Funds.

### Repurchase Agreements

In connection with transactions in repurchase agreements, it is the Funds' policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited.

### Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments.

### Indemnifications

Under the Funds' organizational documents, their Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

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## FINANCIAL STATEMENTS (Unaudited) (continued)

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

### 2. FUND SHARES

The Funds did not engage in transactions in their own shares during the six months ended June 30, 2006, nor during the fiscal year ended December 31, 2005.

### 3. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the six months ended June 30, 2006, were as follows:

|                      | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|----------------------|---|---|
| Purchases            | \$188,495,048                           | \$325,427,708                             |
| Sales and maturities | 185,107,542                             | 315,384,763                               |

### 4. INCOME TAX INFORMATION

The following information is presented on an income tax basis based on the information currently available to the Funds. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in the recognition of income and timing differences in recognizing certain gains and losses on investment transactions.

At June 30, 2006, the cost of investments was as follows:

|                     | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|---------------------|---|---|
| Cost of investments | \$1,324,864,665                         | \$2,495,074,775                           |

Gross unrealized appreciation and gross unrealized depreciation of investments at June 30, 2006, were as follows:

| QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|---|---|
|---|---|

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|   |                 |                 |
|---|-----------------|-----------------|
| Gross unrealized:   |                 |                 |
| Appreciation  | \$17,590,918    | \$41,833,835    |
| Depreciation  | (38,415,087)    | (70,928,760)    |
| -----   |                 |                 |
| Net unrealized appreciation (depreciation) of investments | \$ (20,824,169) | \$ (29,094,925) |
| -----   |                 |                 |

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The tax components of undistributed net ordinary income and net long-term capital gains at July 31, 2005, the Funds' last tax year end, were as follows:

|   | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|---|---|---|
| Undistributed net ordinary income *       | \$3,556,793                             | \$8,682,726                               |
| Undistributed net long-term capital gains | --                                      | 19,370,073                                |
| -----                                     |   |   |

\* Net ordinary income consists of net taxable income derived from dividends, interest and net short-term capital gains, if any.

The tax character of distributions paid during the Funds' last tax year ended July 31, 2005, was designated for purposes of the dividends paid deduction as follows:

|  | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|--|---|---|
| Distributions from net ordinary income *       | \$86,458,729                            | \$168,985,896                             |
| Distributions from net long-term capital gains | --                                      | 19,485,262                                |
| -----  |   |   |

\* Net ordinary income consists of net taxable income derived from dividends, interest and net short-term capital gains, if any.

At July 31, 2005, the Funds' last tax year end, Quality Preferred Income (JTP) had unused capital loss carryforwards of \$22,268,801 available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire in the year 2012.

Calculation of certain of the amounts presented above (namely, undistributed net ordinary income for tax purposes) involves the application of complex aspects of the Internal Revenue Code to certain securities held by the Funds. In

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calculating the amount of taxable income derived from these securities, management made assumptions as to the correct tax treatment of certain of those securities and made estimates about the tax characteristics of income received from those securities, based on information currently available to the Funds. The use of these assumptions and estimates will not affect the qualification of the Funds as regulated investment companies under Subchapter M of the Internal Revenue Code, nor is it expected that these assumptions and estimates will be used in computing taxable income for purposes of preparing the federal and state income and excise tax returns.

### 5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Each Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by Nuveen Asset Management (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. ("Nuveen"), and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, for each Fund is based upon the average daily Managed Assets of each Fund as follows:

| AVERAGE DAILY MANAGED ASSETS        | FUND-LEVEL FEE RATE |
|-------------------------------------|---------------------|
|                                     |                     |
| For the first \$500 million         | .7000%              |
| For the next \$500 million          | .6750               |
| For the next \$500 million          | .6500               |
| For the next \$500 million          | .6250               |
| For Managed Assets over \$2 billion | .6000               |
|                                     |                     |

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### Notes to

#### FINANCIAL STATEMENTS (Unaudited) (continued)

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of June 30, 2006, the complex-level fee rate was .1887%.

| COMPLEX-LEVEL ASSETS(1)    | COMPLEX-LEVEL FEE RATE |
|----------------------------|------------------------|
|                            |                        |
| For the first \$55 billion | .2000%                 |
| For the next \$1 billion   | .1800                  |
| For the next \$1 billion   | .1600                  |
| For the next \$3 billion   | .1425                  |
| For the next \$3 billion   | .1325                  |
| For the next \$3 billion   | .1250                  |
| For the next \$5 billion   | .1200                  |
| For the next \$5 billion   | .1175                  |
| For the next \$15 billion  | .1150                  |

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For Managed Assets over \$91 billion (2)

.1400

- (1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S.
- (2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser has entered into Sub-Advisory Agreements with Spectrum Asset Management, Inc. ("Spectrum"), under which Spectrum manages the investment portfolios of the Funds. Spectrum is compensated for its services to the Funds from the management fees paid to the Adviser. Spectrum also receives compensation on certain portfolio transactions for providing brokerage services to the Funds.

The Funds pay no compensation directly to those of their Trustees who are affiliated with the Adviser or to its Officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Trustees has adopted a deferred compensation plan for independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised Funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised Funds.

For the first eight years of Quality Preferred Income's (JTP) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>JUNE 30, |      | YEAR ENDING<br>JUNE 30, |      |
|-------------------------|------|-------------------------|------|
| 2002 *                  | .32% | 2007                    | .32% |
| 2003                    | .32  | 2008                    | .24  |
| 2004                    | .32  | 2009                    | .16  |
| 2005                    | .32  | 2010                    | .08  |
| 2006                    | .32  |                         |      |

\* From the commencement of operations.

The Adviser has not agreed to reimburse Quality Preferred Income (JTP) for any portion of its fees and expenses beyond June 30, 2010.

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For the first eight years of Quality Preferred Income 2's (JPS) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>SEPTEMBER 30, |      | YEAR ENDING<br>SEPTEMBER 30, |      |
|------------------------------|------|------------------------------|------|
| -----                        |      |                              |      |
| 2002 *                       | .32% | 2007                         | .32% |
| 2003                         | .32  | 2008                         | .24  |
| 2004                         | .32  | 2009                         | .16  |
| 2005                         | .32  | 2010                         | .08  |
| 2006                         | .32  |                              |      |
| -----                        |      |                              |      |

\* From the commencement of operations.

The Adviser has not agreed to reimburse Quality Preferred Income 2 (JPS) for any portion of its fees and expenses beyond September 30, 2010.

For the first eight years of Quality Preferred Income 3's (JHP) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>DECEMBER 31, |      | YEAR ENDING<br>DECEMBER 31, |      |
|-----------------------------|------|-----------------------------|------|
| -----                       |      |                             |      |
| 2002 *                      | .32% | 2007                        | .32% |
| 2003                        | .32  | 2008                        | .24  |
| 2004                        | .32  | 2009                        | .16  |
| 2005                        | .32  | 2010                        | .08  |
| 2006                        | .32  |                             |      |
| -----                       |      |                             |      |

\* From the commencement of operations.

The Adviser has not agreed to reimburse Quality Preferred Income 3 (JHP) for any portion of its fees and expenses beyond December 31, 2010.

### 6. NEW ACCOUNTING PRONOUNCEMENT

On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. At this time, management is evaluating the implications of FIN 48 and does not expect the adoption of FIN 48

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will have a significant impact on the net assets or results of operations of the Funds.

### 7. SUBSEQUENT EVENTS

#### Distributions to Common Shareholders

The Funds declared Common share distributions which were paid on August 1, 2006, to shareholders of record on July 15, 2006, as follows:

|                         | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|-------------------------|---|---|
| Distributions per share | \$.0900                                 | \$.0930                                   |

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### Financial

#### HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

|   | Investment Operations                              |                                 |   |   |  |
|---|--|---------------------------------|---|---|--|
|   | Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income (a) | Net<br>Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>FundPreferred<br>Share-<br>holders+ | Distribution<br>from Capita<br>Gains t<br>FundPreferre<br>Share<br>holders |
| <b>QUALITY PREFERRED INCOME (JTP)</b>   |  |                                 |   |   |  |
| 2006 (f)                                | \$ 14.20   | \$ .57                          | \$ (.52)                                      | \$ (.15) *  | \$ -   |
| Year ended 12/31:                       |  |                                 |   |   |  |
| 2005                                    | 14.92  | 1.30                            | (.68)   | (.21)   | -  |
| 8/1/04-12/31/04                         | 14.40  | .60                             | .47   | (.05)   | -  |
| Year Ended 7/31:                        |  |                                 |   |   |  |
| 2004 (b)                                | 14.10  | 1.37                            | .26   | (.08)   | -  |
| 2003                                    | 14.12  | 1.31                            | .16   | (.09)   | -  |
| 2002 (c)                                | 14.33  | .06                             | (.25)   | --  | -  |
| <b>QUALITY PREFERRED INCOME 2 (JPS)</b> |  |                                 |   |   |  |
| 2006 (f)                                | 14.77  | .57                             | (.54)   | (.15) *   | -  |
| Year ended 12/31:                       |  |                                 |   |   |  |
| 2005                                    | 15.66  | 1.34                            | (.69)   | (.18)   | (.0  |
| 8/1/04-12/31/04                         | 15.32  | .60                             | .50   | (.04)   | (.0  |
| Year Ended 7/31:                        |  |                                 |   |   |  |
| 2004 (b)                                | 14.97  | 1.42                            | .37   | (.08)   | -  |
| 2003 (d)                                | 14.33  | 1.02                            | .79   | (.07)   | -  |
| <b>QUALITY PREFERRED INCOME 3 (JHP)</b> |  |                                 |   |   |  |



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|                   |       |      |       |         |     |
|-------------------|-------|------|-------|---------|-----|
| 2006 (f)          | 14.29 | .58  | (.50) | (.16) * | -   |
| Year ended 12/31: |       |      |       |         |     |
| 2005              | 15.15 | 1.32 | (.70) | (.21)   | (.0 |
| 8/1/04-12/31/04   | 14.71 | .60  | .46   | (.05)   | -   |
| Year Ended 7/31:  |       |      |       |         |     |
| 2004 (b)          | 14.38 | 1.38 | .40   | (.08)   | (.0 |
| 2003 (e)          | 14.33 | .67  | .22   | (.04)   | -   |

Less Distributions

|                              | Net<br>Investment<br>Income to<br>Common<br>Share-<br>holders | Capital<br>Gains to<br>Common<br>Share-<br>holders | Total    | Offering<br>Costs and<br>FundPreferred<br>Share<br>Underwriting<br>Discounts | Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value |
|------------------------------|---|--|----------|--|---|---------------------------|
| QUALITY PREFERRED INCOME (J) |   |  |          |  |   |                           |
| 2006 (f)                     | \$ (.54) *  | \$ --  | \$ (.54) | \$ --  | \$ 13.56  | \$ 12.94                  |
| Year ended 12/31:            |   |  |          |  |   |                           |
| 2005                         | (1.13)  | --   | (1.13)   | --   | 14.20   | 12.40                     |
| 8/1/04-12/31/04              | (.50)   | --   | (.50)    | --   | 14.92   | 14.00                     |
| Year Ended 7/31:             |   |  |          |  |   |                           |
| 2004 (b)                     | (1.25)  | --   | (1.25)   | --   | 14.40   | 13.96                     |
| 2003                         | (1.25)  | --   | (1.25)   | (.15)  | 14.10   | 14.59                     |
| 2002 (c)                     | --  | --   | --       | (.02)  | 14.12   | 15.15                     |
| QUALITY PREFERRED INCOME 2   |   |  |          |  |   |                           |
| 2006 (f)                     | (.56) *   | --   | (.56)    | --   | 14.09   | \$ 13.64                  |
| Year ended 12/31:            |   |  |          |  |   |                           |
| 2005                         | (1.16)  | (.18)  | (1.34)   | --   | 14.77   | 12.80                     |
| 8/1/04-12/31/04              | (.53)   | (.18)  | (.71)    | --   | 15.66   | 14.40                     |
| Year Ended 7/31:             |   |  |          |  |   |                           |
| 2004 (b)                     | (1.32)  | (.04)  | (1.36)   | --   | 15.32   | 14.61                     |
| 2003 (d)                     | (.95)   | --   | (.95)    | (.15)  | 14.97   | 14.65                     |
| QUALITY PREFERRED INCOME 3   |   |  |          |  |   |                           |
| 2006 (f)                     | (.55) *   | --   | (.55)    | --   | 13.66   | \$ 12.99                  |
| Year ended 12/31:            |   |  |          |  |   |                           |
| 2005                         | (1.17)  | (.09)  | (1.26)   | --   | 14.29   | 12.92                     |
| 8/1/04-12/31/04              | (.51)   | (.06)  | (.57)    | --   | 15.15   | 14.44                     |
| Year Ended 7/31:             |   |  |          |  |   |                           |
| 2004 (b)                     | (1.24)  | (.12)  | (1.36)   | --   | 14.71   | 14.34                     |
| 2003 (e)                     | (.62)   | --   | (.62)    | (.18)  | 14.38   | 14.36                     |

\* Represents distributions paid "From and in excess of net investment income" for the six months ended June 30, 2006.

\*\* Annualized.

\*\*\* Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. Total Return on Common Share Net Asset Value is the combination of changes in Common Share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. Total returns are not annualized.

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- \*\*\*\* After custodian fee credit and expense reimbursement, where applicable.  
 + The amounts shown are based on Common share equivalents.  
 ++ - Ratios do not reflect the effect of dividend payments to FundPreferred shareholders.  
 - Income ratios reflect income earned on assets attributable to FundPreferred shares.  
 - For the periods presented below each ratio includes the effect of the interest expense paid on interest rate swap transactions as follows:

Ratio of Net Interest Expense to Average  
 Net Assets Applicable to Common Shares  
 -----

|                                  |       |
|----------------------------------|-------|
| QUALITY PREFERRED INCOME (JTP)   |       |
| Year Ended 7/31:                 |       |
| 2003                             | .80%  |
| 2002(c)                          | --    |
| QUALITY PREFERRED INCOME 2 (JPS) |       |
| Year Ended 7/31:                 |       |
| 2003(d)                          | .58** |
| QUALITY PREFERRED INCOME 3 (JHP) |       |
| Year Ended 7/31:                 |       |
| 2003(e)                          | .51** |

- (a) Per share Net Investment Income is calculated using the average daily shares method.  
 (b) The Funds changed their method of presentation for net interest expense on interest rate swap transactions. The effect of this reclassification for the fiscal year ended July 31, 2004, was as follows:

|   | QUALITY<br>PREFERRED<br>INCOME<br>(JTP)<br>----- |
|---|--|
| Increase of Net Investment Income per share with a corresponding decrease in Net Realized/Unrealized Investment Gain (Loss)   | \$.14  |
| Decrease in each of the Ratios of Expenses to Average Net Assets Applicable to Common Shares with a corresponding increase in each of the Ratios of Net Investment Income to Average Net Assets Applicable to Common Shares | .94%   |

- (c) For the period June 25, 2002 (commencement of operations) through July 31, 2002.  
 (d) For the period September 24, 2002 (commencement of operations) through July 31, 2003.  
 (e) For the period December 18, 2002 (commencement of operations) through July 31, 2003.  
 (f) For the six months ended June 30, 2006.

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| Ratios/Supplemental Data |  |   |  |   |  |   |
|--------------------------|--|---|--|---|--|---|
| Total Returns            |  |   | Before Credit/Reimbursement                                |   | After Credit/Reimbursement                                 |   |
| Based on Market Value*** | Based on Common Share Net Asset Value*** | Ending Net Assets Applicable to Common Shares (000) | Ratio of Expenses to Average Net Assets to Common Shares++ | Ratio of Net Investment Income to Average Net Assets to Common Shares++ | Ratio of Expenses to Average Net Assets to Common Shares++ | Ratio of Investment Income to Average Net Assets to Common Shares++ |
| 8.72%                    | (.73)%                                   | \$ 874,005  | 1.50%**  | 7.78%**   | 1.03%**  |   |
| (3.69)                   | 2.89                                     | 915,598   | 1.49   | 8.47  | 1.02   |   |
| 3.79                     | 7.10                                     | 961,583   | 1.49**   | 9.15**  | 1.02**   |   |
| 4.20                     | 11.17                                    | 927,892   | 1.51   | 8.87  | 1.04   |   |
| 4.95                     | 9.15                                     | 907,746   | 2.38   | 8.84  | 1.91   |   |
| 1.00                     | (1.47)                                   | 880,006   | .96**  | 4.51**  | .64**  |   |
| 10.96                    | (.85)                                    | 1,684,500   | 1.42**   | 7.54**  | .95**  |   |
| (2.06)                   | 3.01                                     | 1,765,543   | 1.40   | 8.32  | .94  |   |
| 3.34                     | 6.94                                     | 1,872,283   | 1.40**   | 8.69**  | .94**  |   |
| 8.98                     | 11.60                                    | 1,830,878   | 1.41   | 8.64  | .95  |   |
| 4.02                     | 11.22                                    | 1,789,809   | 1.99**   | 7.59**  | 1.54**   |   |
| 4.76                     | (.56)                                    | 322,886   | 1.56**   | 7.80**  | 1.08**   |   |
| (2.16)                   | 2.88                                     | 337,858   | 1.54   | 8.48  | 1.07   |   |
| 4.64                     | 6.81                                     | 358,197   | 1.54**   | 9.03**  | 1.07**   |   |
| 9.36                     | 11.93                                    | 347,900   | 1.55   | 8.75  | 1.08   |   |
| (.19)                    | 4.62                                     | 339,499   | 1.97**   | 7.14**  | 1.53**   |   |

Fund Preferred Shares at End of Period

| Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share |
|------------------------------------|--|--------------------------|
| \$ 440,000                         | \$ 25,000                              | \$ 74,659                |
| 440,000                            | 25,000                                 | 77,023                   |
| 440,000                            | 25,000                                 | 79,635                   |
| 440,000                            | 25,000                                 | 77,721                   |
| 440,000                            | 25,000                                 | 76,577                   |
| --                                 | --                                     | --                       |
| 800,000                            | 25,000                                 | 77,641                   |
| 800,000                            | 25,000                                 | 80,173                   |
| 800,000                            | 25,000                                 | 83,509                   |
| 800,000                            | 25,000                                 | 82,215                   |
| 800,000                            | 25,000                                 | 80,932                   |
| 166,000                            | 25,000                                 | 73,627                   |

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|         |        |        |
|---------|--------|--------|
| 166,000 | 25,000 | 75,882 |
| 166,000 | 25,000 | 78,945 |
| 166,000 | 25,000 | 77,395 |
| 166,000 | 25,000 | 76,129 |

See accompanying notes to financial statements.

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### ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS

The Board of Trustees is responsible for overseeing the performance of the investment adviser to the Funds and determining whether to continue the advisory arrangements. At a meeting held on May 23-25, 2006 (the "May Meeting"), the Board of Trustees of the Funds, including the independent Trustees, unanimously approved the continuance of the Investment Management Agreement between each Fund and NAM and the Sub-Advisory Agreement between NAM and Spectrum (the "Sub-Adviser"). NAM and the Sub-Adviser are each a "Fund Adviser."

#### THE APPROVAL PROCESS

During the course of the year, the Board received a wide variety of materials relating to the services provided by the Fund Advisers and the performance of each Fund. To assist the Board in its evaluation of the advisory contract with a Fund Adviser at the May Meeting, the independent Trustees received extensive materials in advance of their meeting which outlined, among other things:

- the nature, extent and quality of services provided by the Fund Adviser;
- the organization and business operations of the Fund Adviser, including the responsibilities of various departments and key personnel;
- the Fund's past performance, the Fund's performance compared to funds of similar investment objectives compiled by an independent third party and with recognized and/or customized benchmarks (as appropriate);
- the profitability of the Fund Adviser and certain industry profitability analyses for unaffiliated advisers;
- the expenses of the Fund Adviser in providing the various services;
- the advisory fees (gross and net management fees) and total expense ratios of the Fund, including comparisons of such fees and expenses with those of comparable, unaffiliated funds based on information and data provided by Lipper (the "Peer Universe") as well as compared to a subset of funds within the Peer Universe (the "Peer Group") to the respective Fund (as applicable);
- the advisory fees the Fund Adviser assesses to other types of investment products or clients;
- the soft dollar practices of the Fund Adviser, if any; and
- from independent legal counsel, a legal memorandum describing, among other things, the duties of the Trustees under the Investment Company Act of

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1940 (the "1940 Act") as well as the general principles of relevant state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; an adviser's fiduciary duty with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards of directors have fulfilled their duties and factors to be considered by the board in voting on advisory agreements.

At the May Meeting, NAM made a presentation to and responded to questions from the Board. After the presentations and after reviewing the written materials, the independent Trustees met privately with their legal counsel to review the Board's duties in reviewing advisory contracts and consider the renewal of the advisory contracts. It is with this background that the Trustees considered each advisory contract (which includes the Sub-Advisory Agreements) with the respective Fund Adviser. The independent Trustees, in consultation with independent counsel, reviewed the factors set out in judicial decisions and SEC directives relating to the renewal of advisory contracts. As outlined in more detail below, the Trustees considered all factors they believed relevant with respect to each Fund, including the following: (a) the nature, extent and quality of the services to be provided by the Fund Adviser; (b) the investment performance of the Fund and the Fund Adviser; (c) the costs of the services to be provided and profitability of the Fund Adviser and its affiliates; (d) the extent to which economies of scale would be realized as the Fund grows; and (e) whether fee levels reflect these economies of scale for the benefit of Fund investors.

### A. NATURE, EXTENT AND QUALITY OF SERVICES

In reviewing the Fund Advisers, the Trustees considered the nature, extent and quality of the respective Fund Adviser's services. The Trustees reviewed materials outlining, among other things, the Fund Adviser's organization and business; the types of services that the Fund Adviser or its affiliates provide and are expected to provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen has taken for its fund product line. In connection with their continued service as Trustees, the Trustees also have a good understanding of each Fund Adviser's organization, operations and personnel. In this regard, the Trustees are familiar with and have evaluated the professional experience, qualifications and credentials of the Fund Adviser's personnel. With respect to the Sub-Adviser, the Trustees also received and reviewed an evaluation of the Sub-Adviser from NAM. Such evaluation outlined, among other things, the Sub-Adviser's organizational history, client base, product mix, investment team and any changes thereto, investment process and any changes to its investment strategy, the Fund's investment objectives and performance (as applicable). The Trustees noted that NAM recommended the renewal of the Sub-Advisory Agreements and

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considered the basis for such recommendation and any qualifications in connection therewith. Given the Trustees' experience with the Funds (including any other Nuveen funds advised by a Fund Adviser) and each Fund Adviser, the Trustees recognized and considered the quality of their investment processes in making portfolio management decisions as well as any refinements or improvements thereto. In this regard, the Trustees considered the continued quality of the Fund Adviser's investment process in making portfolio management decisions as well as any additional refinements and improvements adopted to the portfolio management processes.

In addition to advisory services, the independent Trustees considered the quality of any administrative or non-advisory services provided. With respect to

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the Sub-Adviser, the independent Trustees noted that the Sub-Advisory Agreements were essentially agreements for portfolio management services only and the Sub-Adviser was not expected to supply other significant administrative services to the Funds.

With respect to NAM, NAM provides the Funds with such administrative and other services (exclusive of, and in addition to, any such services provided by others for the Funds) and officers and other personnel as are necessary for the operations of the respective Fund. In connection with the review of the Investment Management Agreement, the Trustees considered the extent and quality of these other services which include, among other things, providing: product management (e.g., product positioning, performance benchmarking, risk management); fund administration (e.g., daily net asset value pricing and reconciliation, tax reporting, fulfilling regulatory filing requirements); oversight of third party service providers; administration of board relations (e.g., organizing board meetings and preparing related materials); compliance (e.g., monitoring compliance with investment policies and guidelines and regulatory requirements); and legal support (e.g., helping prepare and file registration statements, amendments thereto, proxy statements and responding to regulatory requests and/or inquiries). As the Funds operate in a highly regulated industry and given the importance of compliance, the Trustees considered, in particular, the additions of experienced personnel to the compliance teams and the enhancements to technology and related systems to support the compliance activities for the Funds (including a new reporting system for quarterly portfolio holdings). In addition to the above, because the Funds utilize a Sub-Adviser, the Trustees also considered NAM's ability and procedures to monitor the Sub-Adviser's performance, business practices and compliance policies and procedures. In this regard, the Trustees noted the enhancements in the investment oversight process, including increased site visits and departments participating in investment oversight.

In addition to the foregoing, the Trustees also noted the additional services that the Fund Adviser or its affiliates provide to closed-end funds, including, in particular, secondary market support activities. The Trustees recognized Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of initiatives designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include providing advertising and other media relations programs, continued contact with analysts, maintaining and enhancing its website for closed-end funds, and targeted advisor communication programs. With respect to Funds that utilize leverage through the issuance of preferred shares, the Trustees noted Nuveen's continued support for the preferred shares by maintaining, among other things, an in-house preferred trading desk; designating a product manager whose responsibilities include creating and disseminating product information and managing relations in connection with the preferred share auction; and maintaining systems necessary to test compliance with rating agency requirements.

Based on their review, the Trustees found that, overall, the nature, extent and quality of services provided (and expected to be provided) to the respective Funds under the Investment Management Agreement or Sub-Advisory Agreement, as applicable, were of a high level and were satisfactory.

### B. THE INVESTMENT PERFORMANCE OF THE FUND AND FUND ADVISERS

The Board considered the investment performance for each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives identified by an independent third party (the "Performance Peer Group") and recognized and/or customized benchmarks (as applicable). In evaluating the performance information, in certain instances, the Trustees noted that the closest Performance Peer Group for a Fund still may not adequately reflect such Fund's investment objectives, strategies and portfolio duration, thereby limiting the usefulness of the comparisons of such

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Fund's performance with that of the Performance Peer Group (such as, the Nuveen Diversified Dividend and Income Fund, Nuveen Preferred and Convertible Income Fund, Nuveen Preferred and Convertible Income Fund 2, Nuveen Tax-Advantaged Floating Rate Fund, and the Nuveen Real Estate Income Fund).

In reviewing performance, the Trustees reviewed performance information including, among other things, total return information compared with the Fund's Performance Peer Group as well as recognized and/or customized benchmarks (as appropriate) for the one-, three- and five-year periods (as applicable) ending December 31, 2005. This information supplements the Fund performance information provided to the Board at each of their quarterly meetings. Based on their review, the Trustees determined that the respective Fund's absolute and relative investment performance over time had been satisfactory.

### C. FEES, EXPENSES AND PROFITABILITY

#### 1. FEES AND EXPENSES

In evaluating the management fees and expenses of a Fund, the Board reviewed, among other things, the Fund's advisory fees (net and gross management fees) and total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as comparisons to the gross management fees (before waivers), net management fees (after waivers) and total expense ratios (before and after waivers) of comparable funds in the Peer Universe and the Peer Group. The Trustees reviewed data regarding the construction of Peer Groups as well as the methods of measurement for the fee and expense analysis and the performance analysis. In certain cases, due to the small number of peers in the Peer Universe, the Peer Universe and the Peer Group may be the same. Further, the Trustees recognized that in certain cases the closest Peer Universe and/or Peer Group may not adequately reflect the Fund's investment objectives and strategies limiting the usefulness of

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#### ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS (continued)

comparisons. In reviewing comparisons, the Trustees also considered the size of the Peer Universe and/or Peer Group, the composition of the Peer Group (including differences in the use of leverage) as well as differing levels of fee waivers and/or expense reimbursements. In this regard, the Trustees considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain funds launched since 1999). Based on their review of the fee and expense information provided, the Trustees determined that each Fund's net total expense ratio was within an acceptable range compared to peers.

#### 2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

The Trustees further reviewed data comparing the advisory fees of NAM with fees NAM charges to other clients (such as separate managed accounts and funds that are not offered by Nuveen Investments but are sub-advised by one of Nuveen's investment management teams). In general, the advisory fees charged for separate accounts are somewhat lower than the advisory fees assessed to the Funds. The Trustees recognized that the differences in fees are attributable to a variety of factors, including the differences in services provided, product distribution, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Trustees noted, in particular, that the range of services provided to the Funds is more extensive than that provided to managed separate accounts. As described in further detail above, such additional services include, but are not limited to, providing: product management, fund administration, oversight of third party service providers, administration of board relations, and legal

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support. Funds further operate in a highly regulated industry requiring extensive compliance functions compared to the other investment products. In addition to the costs of the additional services, administrative costs may also be greater for funds as the average account size for separate accounts is notably larger than the retail accounts of funds. Given the differences in the product structures, particularly the extensive services provided to closed-end funds, the Trustees believe such facts justify the different levels of fees.

In considering the advisory fees of the Sub-Adviser, the Trustees also considered the pricing schedule that the Sub-Adviser charges for similar investment management services for other sponsors or clients.

### 3. PROFITABILITY OF FUND ADVISERS

In conjunction with its review of fees, the Trustees also considered the profitability of Nuveen Investments for advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers). The Trustees reviewed data comparing Nuveen's profitability with other fund sponsors prepared by three independent third party service providers as well as comparisons of the revenues, expenses and profits margins of various unaffiliated management firms with similar amounts of assets under management prepared by Nuveen. The Trustees further reviewed the 2005 Annual Report for Nuveen Investments. In considering profitability, the Trustees recognized the inherent limitations in determining profitability as well as the difficulties in comparing the profitability of other unaffiliated advisers. Profitability may be affected by numerous factors, including the methodology for allocating expenses, the adviser's business mix, the types of funds managed, the adviser's capital structure and cost of capital. Further, individual fund or product line profitability of other sponsors is generally not publicly available. Accordingly, the profitability information that is publicly available from various investment advisory or management firms may not be representative of the industry.

Notwithstanding the foregoing, in reviewing profitability, the Trustees reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In this regard, the methods of allocation used appeared reasonable. The Trustees also, to the extent available, compared Nuveen's profitability margins (including pre- and post-marketing profit margins) with the profitability of various unaffiliated management firms. The Trustees noted that Nuveen's profitability is enhanced due to its efficient internal business model. The Trustees also recognized that while a number of factors affect profitability, Nuveen's profitability may change as fee waivers and/or expense reimbursement commitments of Nuveen to various funds in the Nuveen complex expire. To keep apprised of profitability and developments that may affect profitability, the Trustees have requested profitability analysis be provided periodically during the year. The Trustees also considered the Sub-Adviser's revenues from serving as a Sub-Adviser to the Funds, expenses (including the basis for allocating expenses) and profitability margins (pre- and post-tax). Based on their review, the Trustees were satisfied that the respective Fund Adviser's level of profitability was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Trustees also considered any other revenues paid to a Fund Adviser as well as any indirect benefits (such as soft dollar arrangements, if any) the Fund Adviser and its affiliates are expected to receive that are directly attributable to their management of the Funds, if any. See Section E below for additional information. Based on their review of the overall fee arrangements of the applicable Fund, the Trustees determined that the advisory fees and expenses of the respective Fund were reasonable.

### D. ECONOMIES OF SCALE AND WHETHER FEE LEVELS REFLECT THESE ECONOMIES OF SCALE



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With respect to economies of scale, the Trustees recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base as a fund grows. To help ensure the shareholders share in these benefits, the Trustees have reviewed and considered the breakpoints in the advisory fee schedules that reduce advisory fees as the applicable Fund's assets grow. In addi-

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tion to advisory fee breakpoints as assets in a respective Fund rise, after lengthy discussions with management, the Board also approved a complex-wide fee arrangement that was introduced on August 1, 2004. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. In evaluating the complex-wide fee arrangement, the Trustees considered, among other things, the historic and expected fee savings to shareholders as assets grow, the amount of fee reductions at various asset levels, and that the arrangement would extend to all funds in the Nuveen complex. The Trustees noted that 2005 was the first full year to reflect the fee reductions from the complex wide fee arrangement. The Trustees also considered the impact, if any, the complex-wide fee arrangement may have on the level of services provided. Based on their review, the Trustees concluded that the breakpoint schedule and complex-wide fee arrangement currently was acceptable and desirable in providing benefits from economies of scale to shareholders.

### E. INDIRECT BENEFITS

In evaluating fees, the Trustees also considered any indirect benefits or profits the Fund Adviser or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Trustees considered revenues received by affiliates of the Fund Adviser for serving as agent at Nuveen's preferred trading desk and for serving as a co-manager in the initial public offering of new closed-end exchange traded funds.

In addition to the above, the Trustees considered whether the Fund Adviser received any benefits from soft dollar arrangements. With respect to NAM, the Trustees noted that NAM does not currently have any soft dollar arrangements and does not pay excess brokerage commissions (or spreads on principal transactions) in order to receive research services; however, NAM may from time to time receive and have access to research generally provided to institutional clients.

The Trustees also considered the soft dollar arrangements, if any, of the Sub-Adviser, and noted that Sub-Adviser does not currently use soft dollar arrangements.

The Trustees did not identify any single factor discussed previously as all-important or controlling. The Trustees, including a majority of independent Trustees, concluded that the terms of the Investment Management Agreement and Sub-Advisory Agreements were fair and reasonable, that the respective Fund Adviser's fees are reasonable in light of the services provided to each Fund, and that the renewal of the respective Investment Management Agreement and Sub-Advisory Agreement should be approved.

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Reinvest Automatically  
EASILY AND CONVENIENTLY

NUVEEN EXCHANGE-TRADED CLOSED-END FUNDS  
DIVIDEND REINVESTMENT PLAN

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Your Nuveen Exchange-Traded Closed-End Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional fund shares

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of compounding.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

### EASY AND CONVENIENT

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

### HOW SHARES ARE PURCHASED

NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

### FLEXIBLE

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

### CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

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AUTOMATIC DIVIDEND  
REINVESTMENT PLAN

NOTICE OF AMENDMENT TO THE TERMS AND CONDITIONS

The Fund is amending the terms and conditions of its Automatic Dividend Reinvestment Plan (the "Plan") as further described below effective with the close of business on December 1, 2006. THESE CHANGES ARE INTENDED TO ENABLE PLAN PARTICIPANTS UNDER CERTAIN CIRCUMSTANCES TO REINVEST FUND DISTRIBUTIONS AT A LOWER AGGREGATE COST THAN IS POSSIBLE UNDER THE EXISTING PLAN. Shareholders who do not wish to continue as participants under the amended Plan may withdraw from the Plan by notifying the Plan Agent prior to the effective date of the amendments. Participants should refer to their Plan document for notification instructions, or may simply call Nuveen at (800) 257-8787.

Fund shareholders who elect to participate in the Plan are able to have Fund distributions consisting of income dividends, realized capital gains and returns of capital automatically reinvested in additional Fund shares. Under the Plan's existing terms, the Plan Agent purchases Fund shares in the open market if the Fund's shares are trading at a discount to their net asset value on the payable date for the distribution. If the Fund's shares are trading at or above their net asset value on the payable date for the distribution, the Plan Agent purchases newly-issued Fund shares directly from the Fund at a price equal to the greater of the shares' net asset value or 95% of the shares' market value.

Under the Plan's amended terms, if the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value. This change will permit Plan participants under these circumstances to reinvest Fund distributions at a lower aggregate cost than is possible under the existing Plan.

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OTHER USEFUL

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## INFORMATION

### QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

The Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2006, and (iii) a description of the policies and procedures that the Fund used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com).

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at 1-202-942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to the SEC's Public Reference Section at 450 Fifth Street NW, Washington, D.C. 20549.

### GLOSSARY OF TERMS USED IN THIS REPORT

**AVERAGE ANNUAL TOTAL RETURN:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.

**MARKET YIELD:** Market yield is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Funds' cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

**NET ASSET VALUE (NAV):** A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any MuniPreferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

#### BOARD OF TRUSTEES

Robert P. Bremner  
Lawrence H. Brown  
Jack B. Evans  
William C. Hunter  
David J. Kundert  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale  
Eugene S. Sunshine

#### FUND MANAGER

Nuveen Asset Management  
333 West Wacker Drive  
Chicago, IL 60606

#### CUSTODIAN

State Street Bank & Trust Company  
Boston, MA

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TRANSFER AGENT AND  
SHAREHOLDER SERVICES  
State Street Bank & Trust Company  
Nuveen Funds  
P.O. Box 43071  
Providence, RI 02940-3071  
(800) 257-8787

LEGAL COUNSEL  
Chapman and Cutler LLP  
Chicago, IL

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
Ernst & Young LLP  
Chicago, IL

The Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period covered by this report. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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(back cover photo)

NUVEEN INVESTMENTS:

SERVING INVESTORS

FOR GENERATIONS

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Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

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Managing more than \$149 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under six distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; Symphony, a leading institutional manager of market-neutral alternative investment portfolios; Santa Barbara, a leader in growth equities; and Tradewinds NWQ, a leader in global equities.

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the information provided carefully before you invest.

Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

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NUVEEN LOGO

### ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this filing.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this filing.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable to this filing.

### ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable to this filing.

### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable to this filing.

### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

During this reporting period, the registrant's Board of Trustees implemented a

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change to the procedures by which shareholders may recommend nominees to the registrant's board of trustees by amending the registrant's by-laws to include a provision specifying the date by which shareholder nominations for election as trustee at a subsequent meeting must be submitted to the registrant. Shareholders must deliver or mail notice to the registrant not less than forty-five days nor more than sixty days prior to the first anniversary date of the date on which the registrant first mailed its proxy materials for the prior year's annual meeting; provided, however, if and only if the annual meeting is not scheduled to be held within a period that commences thirty days before the first anniversary date of the annual meeting for the preceding year and ends thirty days after such anniversary date (an annual meeting date outside such period being referred to as an "Other Annual Meeting Date" hereafter), the shareholder notice must be given no later than the close of business on the date forty-five days prior to such Other Annual Meeting Date or the tenth business day following the date such Other Annual Meeting Date is first publicly announced or disclosed. The shareholder's notice must be in writing and set forth the name, age, date of birth, business address, residence address and nationality of the person(s) being nominated and the class or series, number of all shares of the registrant owned of record or beneficially by each such person(s), any other information regarding such person required by Item 401 of Regulation S-K or Item 22 of Rule 14a-101 (Schedule 14A) under the Securities Exchange Act of 1934, as amended, any other information regarding the person(s) to be nominated that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of trustees, and whether such shareholder believes any nominee is or will be an "interested person" (as that term is defined in the Investment Company Act of 1940, as amended) of the registrant or sufficient information to enable the registrant to make that determination and the written and signed consent of the person(s) to be nominated.

### ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

### ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable to this filing.

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under

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the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT attached hereto.

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons: Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Quality Preferred Income Fund 2

By (Signature and Title)\* /s/ Jessica R. Droeger  
-----  
Jessica R. Droeger  
Vice President and Secretary

Date: September 8, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* /s/ Gifford R. Zimmerman  
-----  
Gifford R. Zimmerman  
Chief Administrative Officer  
(principal executive officer)

Date: September 8, 2006

By (Signature and Title)\* /s/ Stephen D. Foy  
-----  
Stephen D. Foy  
Vice President and Controller  
(principal financial officer)

Date: September 8, 2006

\* Print the name and title of each signing officer under his or her signature.